COMMERCE DEPARTMENT

December 20, 2023

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Xcel Energy 2023 Integrated Distribution Plan
Docket No. E002/M-23-452

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of Xcel Energy's 2023 Integrated Distribution Plan

Xcel Energy's 2023 Integrated Distribution Plan (IDP) and Transportation Electrification Plan (TEP) were filed on November 1, 2023 by Amber Hedlund, Manager, Regulatory Project Management for Xcel Energy.

The Department recommends the Commission approve in part, modify in part, and reject in part Xcel Energy's Transportation Electrification Plan, and is available to answer any questions the Minnesota Public Utilities Commission may have. Along with its comments, the Department submits Attachments A and B, which contain answers to Information Requests posed to Xcel Energy.

Sincerely,

/s/ PETER TEIGLAND
Rates Analyst

/s/ LOUISE MILTICH
Assistant Commissioner of Energy Regulatory Analysis

/s/ DANIEL TIKK
Rates Analyst

LM/PT/DT/ar
Attachment

COMMERCE DEPARTMENT

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E002/M-23-452

I. INTRODUCTION

An Integrated Distribution System Plan (IDP) provides information on each public utility's distribution system, strategy and goals, planning process, spending, and distributed energy resources (DER). A Transportation Electrification Plan (TEP) provides insight into each public utility's view of transportation electrification and its planned or contemplated EV-related initiatives.

On December 8, 2022, the Minnesota Public Utilities Commission (Commission) issued its Order in Docket Nos. E002/M-21-694, E999/CI-17-879 (December 8, 2022 Order).[1] The December 8, 2022 Order approved combining the filing requirements of electric utility IDPs and TEPs. The December 8, 2022 Order also required each investor-owned utility to file its TEP in its next IDP, due November 1, 2023, and biennially thereafter.

In May 2023, the Minnesota Legislature established requirements for utility TEPs in 2023 Minn. Laws. ch. 60, art. 12, sec. 12, codified at Minn. Stat. § 216B.1615 – Electric Vehicle Deployment Program. Minn. Stat. § 216B.1615 requires electric utilities to file TEPs, established certain content requirements, granted the Commission authority to approve, modify or reject TEPs, and established evaluation criteria.

On August 23, 2023, the Commission issued its *Order Accepting Withdrawal of Clean Transportation Portfolio Subject to Conditions* in Docket No. E002/M-22-432 (August 23, 2023 Order).[2] The August 23, 2023 Order placed a number of conditions upon Xcel Energy, including that it file a TEP by November 1, 2023 consistent with Minn. Stat. § 216B.1615 and that various components and information be included in its filing. In addition, the August 23, 2023 Order established an anticipated decision date of April 1, 2024 for the Commission's consideration of Xcel Energy's TEP.[3]

On November 1, 2023, Northern States Power Company d/b/a Xcel Energy (Xcel Energy or the Company) filed its 2023 IDP and TEP in Docket No. E002/M-23-452.[4] This is the first time that Xcel Energy has filed its TEP as part of its IDP filing. In addition to the various filing requirements established by prior Commission Orders and statute, Xcel Energy's TEP includes a request for Commission approval

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[1] *Order, In the Matter of a Commission Inquiry into Electric Vehicle Charging and Infrastructure; In the Matter of Xcel Energy's 2021 Integrated Distribution System Plan; In the Matter of Minnesota Power's 2021 Integrated Distribution System Plan; In the Matter of Distribution System Planning for Otter Tail Power Company, Docket Nos. E-99/CI-17-879, E-002/M-21-694, E-015/M-21-390, E-017/M-21-612* (December 8, 2022). *Hereinafter* December 8, 2022 Order.

[2] *Order Accepting Withdrawal of Clean Transportation Portfolio Subject to Conditions*, *Docket No. E002/M-22-432* (August 23, 2023). *Hereinafter*, August 23, 2023 Order.

[3] *Ibid*, at 9.

[4] *2023 Integrated Distribution System Plan, Appendix H, Transportation Electrification Plan, Northern States Power Company, d/b/a Xcel Energy, Docket No. E002/M-23-452* (November 1, 2023), *hereinafter* "TEP."

of several EV programs. Xcel Energy is requesting approval for expansions of certain existing programs, permanent versions of certain pilot programs, the creation of new programs, additional IT investments, and tariff changes for certain existing programs.

On November 17, 2023, the Commission issued a Notice of Comment period with two separate periods for comments. The Notice indicates that EV-related issues have been divided between the two comment periods to accommodate the Commission's April 1, 2024 TEP consideration deadline. This is the first in a series of 2023 IDP and TEP filings considered by the Commission and open for comments. The first Xcel comment period, addressed in these comments, corresponds to Xcel's TEP and includes Notice Topics 1 through 13. The second comment period, to be addressed in future comments, corresponds to Xcel's IDP and includes Notice Topics 14 through 24. The comment period for Xcel's TEP includes the following topics open for comment:

1. Should the Commission approve, modify, or reject Xcel Energy's TEP?
2. How should the Commission consider modifications or supplements to Xcel Energy's TEP?
3. Should the Commission establish any procedural or filing requirements for future TEPs under Minn. Stat. 216B.1615?
4. Are there gaps in Xcel Energy's transportation electrification programs the Commission should address to ensure equitable customer outcomes?
5. Should the Commission approve, modify, or reject Xcel's proposed expansion plan for the current EV Subscription Service Pilot. Please address whether the Commission should:
    a. Approve the updated tariff sheets.
    b. Approve the updated customer service agreements.
    c. Approve the proposed accounting treatment.
    d. Grant Xcel a waiver for Minn. R. 7820.3200, .3400, .3700, and .3800, and for Section 3 of Xcel's Electric Rate Book Section 6 tariff.
    e. Approve the proposed reporting requirements.
    f. Address any other issues or concerns.
6. Should the Commission approve, modify, or reject Xcel's proposed Home Wiring Rebate program? Please address whether the Commission should:
    a. Approve the proposed accounting treatment.
    b. Approve the proposed reporting requirements.
    c. Require Xcel to file tariff pages, including the Customer Service Terms and Conditions, for the proposed Home Wiring Rebate Program.
    d. Address any other issues or concerns.
7. Should the Commission approve, modify, or reject Xcel's proposed Electric School Bus Demonstration? Please address whether the Commission should:
    a. Require Xcel to follow MNDIP for school bus interconnections.
    b. Approve the proposed accounting treatment.
    c. Approve the proposed reporting requirements.
    d. Require Xcel to file updated tariff pages and Vehicle-to-Grid (V2G) addendum to the Fleet EV Service Pilot for the proposed Electric School Bus Demonstration.
    e. Address any other issues or concerns.

8. Should the Commission approve, modify, or reject Xcel's proposed budget expansion for the Fleet EV Service and Public Charging Pilots? Please address whether the Commission should:
    a. Place a cost cap on the expanded budget.
    b. Approve the Application Review and Scoring Framework.
    c. Address any other issues or concerns.
9. Should the Commission approve, modify, or reject Xcel's proposed expansion to its Residential Advisory Services?
10. Should the Commission approve, modify, or reject Xcel's proposed investments in IT development and maintenance to support its TEP?
11. Should the Commission approve Xcel's request to establish a regulatory asset for its home wiring rebates and V2G Electric Vehicle Supply Equipment (EVSE) rebates and set the rate of return at the Company's weighted average cost of capital (WACC)?
12. Should the Commission approve Xcel's proposed tariff changes as outlined in Appendix H, pp. 79-80 and Attachments H6 and H13, which includes the waiver of cost-sharing requirements for EV rate customers?
13. Are there other issues or concerns related to this matter?

Below are the comments of the Minnesota Department of Commerce (Department) regarding Xcel's TEP and the Commission's Notice Topics 1 through 13.

II. DEPARTMENT ANALYSIS

The Department analyzes Xcel's TEP and offers recommendations both to promote transportation electrification consistent with the public interest and also to ensure that the Commission is presented with the resources to make an informed decision. The Department looks to relevant statute and Commission Orders to define the boundaries and parameters of the public interest in this venue. Some of those constituent goals of the public interest include expansion of transportation electrification, optimizing EV benefits, overcoming barriers to adoption, and clarifying the role of utilities in transportation electrification.

The Department analyzes the Company's proposals under the relevant statute, Minn. Stat. § 216B.1615. Subdivision 1 defines relevant terms. Subdivision 2 defines the contents of the TEP public utilities are required to file. Subdivision 3 of the relevant statute gives authority to the Commission to approve, modify, or reject a TEP and the rubric under which that decision is to be made. Subdivision 4 of the statute gives the Commission authority to approve cost recovery under Minn. Stat. § 216B.16 for investments made and expenses incurred under an approved plan.

The Department additionally recognizes the importance of electrifying Minnesota's transportation sector consistent with both the Commission's February 1, 2019 Order in Docket No. E999/CI-17-879 (EV Inquiry Order)[5] and subsequent Orders in similar proceedings.

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[5] *Order Making Findings and Requiring Filings, In the Matter of a Commission Inquiry into Electric Vehicle Charging and Infrastructure, Docket No. E-999/CI-17-879* (February 1, 2019). *Hereinafter* EV Inquiry Order.

A. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL ENERGY'S TEP?

The Department recommends the Commission approve in part, modify in part, and reject in part Xcel Energy's TEP, as summarized below:

- Approve:
  - Xcel's proposed expansion plan for the current EV Subscription Service Pilot;
- Modify:
  - Xcel's proposed Electric School Bus Demonstration;
- Reject:
  - Xcel's request to establish a regulatory asset for its home wiring rebates and V2G Electric Vehicle Supply Equipment (EVSE) rebates and set the rate of return at the Company's weighted average cost of capital (WACC).

The Department would like more information to make a recommendation to the remainder of the Commission's Notice Topics. Accordingly, the Department requests additional information from Xcel in its Utility Reply Comments to inform the Department's recommendations in Participant Reply Comments. The Department's full list of recommendations and requests for additional information are provided in response to each of the Notice Topics below and summarized below in Section III.

B. HOW SHOULD THE COMMISSION CONSIDER MODIFICATIONS OR SUPPLEMENTS TO XCEL ENERGY'S TEP?

The Department does not make any recommendations at this time.

C. SHOULD THE COMMISSION ESTABLISH ANY PROCEDURAL OR FILING REQUIREMENTS FOR FUTURE TEPS UNDER MINN. STAT. 216B.1615?

The Department does not make any recommendations at this time.

D. ARE THERE GAPS IN XCEL ENERGY'S TRANSPORTATION ELECTRIFICATION PROGRAMS THE COMMISSION SHOULD ADDRESS TO ENSURE EQUITABLE CUSTOMER OUTCOMES?

The Department identifies limitations with Xcel's TEP proposals in regard to equitable customer outcomes. Minn. Stat. § 216B.1615, Subd. 2(b)(5) provides that a TEP may include "programs targeting transportation electrification in low- and moderate-income communities and in neighborhoods most affected by transportation-related air emissions". Minn. Stat. § 216B.1615, Subd. 3(2) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector". The Commission's August 23, 2023 Order required Xcel to include in its TEP "a breakdown by proposal of what percent of investments or enrolled customers Xcel estimates will be located in environmental-justice areas as defined by Minn. Stat. 216B.1691, subd. 1(e) (2023 Minn. Laws ch. 7, sec. 3)."[6]

In its TEP proposals, Xcel provides estimates for program participants to comply with the August 23, 2023 Order. These estimates are principally based on an estimate of the percentage of all residential premises within its service territory that are located within an Environmental Justice area (EJ area), as defined by Minn. Stat. 216B.1691, Subd. 1(e).[7] Xcel estimates that 44% of all residential premises in its service territory are located in an EJ area.[8]

In Xcel's proposed expansion of the EV Subscription Service Pilot into a permanent offering, Xcel indicates it did not track pilot participant locations, but instead uses the overall estimate of residential premises in an EJ area (44%) to estimate the permanent offering's participation.[9] Xcel uses a similar approach to estimate that 44% of the rebate budget for the Home Wiring Rebate proposal will be used for its Enhanced rebates.[10] Xcel does not provide an estimate of participation in EJ areas for its Electric School Bus Demonstration proposal (the proposal only includes two projects).[11] In Xcel's proposed budget expansion for its Fleet EV Service and Public Charging Pilots, Xcel estimates that 59% of participation will be in EJ areas, based on the locations of the 46 projects that Xcel has categorized as ready-to-execute or likely to proceed.[12]

In addition, as noted below in the response to Xcel's Home Wiring Rebate proposal, the Department has concerns with Xcel's proposed eligibility requirements for the Enhanced Home Wiring rebate. Notably, this is the only portion of Xcel's various TEP proposals specifically targeted at communities based on equity criteria. However, Xcel has not sufficiently identified how the Home Wiring Rebate proposal will increase access to transportation electrification among the targeted populations.

Taken together, Xcel's proposals are limited in their approach both in terms of tracking and targeting both income-qualified households and communities most affected by air emissions from the transportation sector. Xcel's proposals could be improved through the development of a more rigorous methodology to evaluate how a specific program may be utilized by various customer populations, including those of low- and moderate-income and those most affected by air emissions from the transportation sector. While Xcel's estimate of residential premises located in EJ areas is a useful starting point, additional analysis is warranted to determine which proposals may be most effective at targeting specific populations.

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[6] August 23, 2023 Order at Order Point 5.H.
[7] That subdivision reads: (e) "Environmental justice area" means an area in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

(1) 40 percent or more of the area's total population is nonwhite;
(2) 35 percent or more of households in the area have an income that is at or below 200 percent of the federal poverty level;
(3) 40 percent or more of the area's residents over the age of five have limited English proficiency; or
(4) the area is located within Indian country, as defined in United States Code, title 18, section 1151.

[8] TEP at 52.
[9] *Ibid*.
[10] *Id*. at 56.
[11] *Id*. at 60.
[12] *Id*. at 69.

E. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED EXPANSION PLAN FOR THE CURRENT EV SUBSCRIPTION SERVICE PILOT.

1. Xcel Proposal

Xcel launched its Residential EV Subscription Service Pilot (Subscription Pilot) in 2020, subsequent to the Commission's October 7, 2019 Order approving the pilot. [13] The Subscription Pilot is designed as a flat monthly subscription fee for dedicated EV charging service. The subscription fee is based on an assumed monthly energy usage of 340 kWh.[14] The pilot offers four different subscription options depending on whether the customer prepaid the charger cost or included the charger cost in the monthly subscription fee (Bundled) and whether the customer participates in Xcel's Windsource program.[15] The scale of the pilot is limited, as Xcel reports 127 participants are currently enrolled in the program.[16]

In its TEP filing, Xcel has proposed to expand the Subscription Pilot into a permanent option under its existing Residential EV Accelerate At Home (EVAAH) program. Xcel also proposed program and rate design modifications to the Subscription Pilot:

- *Refresh the Subscription pricing* to align with updated EVAAH equipment and service costs recently proposed in Docket No. E002/M-19-559 as well as an updated assumption for assumed monthly energy usage.
- *Update the underlying energy rates* used to calculate the monthly flat fee to leverage the three-period residential TOU rates used within EVAAH. This will align the rates across all options under EVAAH.
- *Introduce a monthly consumption cap* of 1,000 kWh per month. In analysis of the EV Subscription Service Pilot, we found that 95 percent of all monthly charging sessions was 1,000 kWh or less. By setting a cap of 1,000 kWh per month, we can lower the assumed energy rate, and by extension the monthly flat fee, to better align with most participants' actual charging needs. This also serves to ensure customers are not able to charge multiple EVs with one charger using the fixed monthly price.
- *Introduce a Bring-Your-Own-Charger (BYOC) option*, in alignment with the Company's EVAAH BYOC option as proposed in Docket No. E002/M-19-559.
- *Update the Customer Service Agreement (CSA)*, to reflect the changes outlined above. A singular CSA will be implemented for EVAAH and apply to participants within both Pay-As-You-Go and Subscription options.[17]

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[13] *Order Approving Pilot with Modifications, and Setting Reporting Requirements, Docket No. E002/M-19-186* (October 7, 2019). *Hereinafter*, October 7, 2019 Order.
[14] *Id*. at 14
[15] Windsource is Xcel's green tariff program offering customers the option to sponsor renewable generation on Xcel's system by voluntarily paying a premium to recover the incremental cost of wind generation, and Xcel subsequently retires the Renewable Energy Credits (REC). Windsource has subsequently been replaced with the Renewable*Connect program, which is structured similarly but sources from both solar and wind generation. See Docket Nos. E002/M-19-33, E002/M-21-222.
[16] TEP at 9.
[17] TEP at 49. Footnotes in original omitted.

In merging the Subscription Pilot into the EVAAH program, Xcel proposes to align operational components of the programs, including the customer enrollment process, the Subscription tariff, Customer Service Agreement, and program website. Additionally, Xcel proposes to align eligibility requirements for both programs, consistent with the existing EVAAH program. Xcel also proposes program reporting requirements and accounting treatment largely consistent with those established for the Subscription Pilot.

2. Statutory Criteria

i. Minn. Stat. § 216B.1615, Subd. 3(1)

Minn. Stat. § 216B.1615, Subd. 3(1) requires Commission consideration of whether the TEP proposals are reasonably expected to "improve the operation of the electric grid". The Subscription Pilot seeks to promote EV adoption and residential charging through rate design that makes the energy-related costs of operating an EV more predictable. The Subscription Pilot also seeks to encourage off-peak charging among participants. The Subscription Pilot has proven effective at promoting off-peak charging, with 96% of all charging taking place off-peak.[18] The Commission previously established that transportation electrification is in the public interest and can improve the operation of the electric grid through increased EV adoption and optimal EV integration.[19] The Department finds that the expansion of the Subscription Pilot into a permanent offering can reasonably be expected to continue improving the operation of the electric grid through its promotion of EV adoption and off-peak charging.

ii. Minn. Stat. § 216B.1615, Subd. 3(2)

Minn. Stat. § 216B.1615, Subd. 3(2) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector". The Subscription Pilot seeks to promote EV adoption through rate design that provides participants simple and predictable costs for EV charging. While the number of pilot participants and survey respondents is relatively small, the findings from the pilot indicate it has been successful for the following reasons:

- 78% of pilot participant survey respondents were very/extremely satisfied with program services (charger, installation, maintenance);
- 90% of respondents were highly likely to recommend the program to a friend;
- 82% were very/extremely satisfied with the value for the energy used[20]

The high satisfaction of Subscription Pilot participants suggests that expansion of the program into a permanent offering would continue to promote EV adoption. In addition, the improvements to and incorporation of the customer enrollment process into the EVAAH program provides benefits to Xcel

[18] TEP Appendix H4 at 4.
[19] EV Inquiry Order at 10.
[20] TEP Appendix H4 at 1. Xcel indicates 150 customers had charger installed, 73 customers provided survey responses, and the program currently has 127 enrolled participants.

customers. Providing direct access to the flat monthly subscription option during the EVAAH enrollment process simplifies the customer navigation of EV-related program options.

In response to the Commission's August 23, 2023 Order, Xcel provides an estimate of the number of participants it expects to be located in Environmental Justice areas (EJ areas).[21] Xcel noted in its proposed expansion of the Subscription Pilot that it did not track pilot participant locations in EJ areas, and it estimated participation for the expansion based on the overall estimate of residential premises within its territory that are located within an EJ area.[22] The definition of EJ area likely only serves as a proxy for the specific customer groups identified in this public interest criteria, so the assessment of the pilot or its proposed expansion in terms of reaching these specific customer groups is limited. As such, the program is not currently structured to target specific customer groups.

iii. Minn. Stat. § 216B.1615, Subd. 3(3)

Minn. Stat. § 216B.1615, Subd. 3(3) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to publicly available electric vehicle charging for all types of electric vehicles". The Subscription Pilot only pertains to private, residential charging, so the Department does not identify any public interest consideration related to this criterion.

iv. Minn. Stat. § 216B.1615, Subd. 3(4)

Minn. Stat. § 216B.1615, Subd. 3(4) requires Commission consideration of whether the TEP proposals are reasonably expected to "support the electrification of medium-duty and heavy-duty vehicles and associated charging infrastructure". The Subscription Pilot only pertains to residential charging for passenger vehicles, so the Department does not identify any public interest consideration related to this criterion.

v. Minn. Stat. § 216B.1615, Subd. 3(5)

Minn. Stat. § 216B.1615, Subd. 3(5) requires Commission consideration of whether the TEP proposals are reasonably expected to "reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health". The Commission previously established that transportation electrification is in the public interest and can reduce statewide greenhouse gas emissions and increase electricity demand during hours when renewable energy is most prevalent on the system.[23] The Subscription Pilot has proven effective at promoting off-peak charging, with 96% of all charging taking place off-peak.[24] In addition, 77 participants of the 127 total participants enrolled in the program have chosen to use Windsource.[25] The Subscription Pilot's promotion of EV adoption, off-peak charging, and participant utilization of Windsource indicates that the proposed expansion into a permanent offering would further the public interest considered in this criterion.

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[21] August 23, 2023 Order at Order Point 5.H.
[22] TEP at 52.
[23] EV Inquiry Order.
[24] TEP Appendix H4 at 4.
[25] *Id*. at 3.

vi. Minn. Stat. § 216B.1615, Subd. 3(6)

Minn. Stat. § 216B.1615, Subd. 3(6) requires Commission consideration of whether the TEP proposals are reasonably expected to "stimulate nonutility investment and the creation of high-quality jobs for local workers". The Subscription Pilot seeks to promote EV adoption and residential charging through rate design that makes the energy-related costs of operating an EV more predictable. The program is predicated on the installation of home EV charging stations, which requires utilizing the services of a qualified electrician for charger installation and home wiring, as discussed in Xcel's Home Wiring Rebate proposal. In the pilot program, participation has been limited with only 127 enrolled participants.[26] Increased participation in the program and growth in EV ownership will increase the need for qualified electricians. The Department identifies a limited public interest benefit using this criterion.

vii. Minn. Stat. § 216B.1615, Subd. 3(7)

Minn. Stat. § 216B.1615, Subd. 3(7) requires Commission consideration of whether the TEP proposals are reasonably expected to "educate the public about the benefits of electric vehicles and related infrastructure". The Subscription Pilot and its proposed expansion do not directly pertain to educating the public about the benefits of EVs and related infrastructure, therefore the Department does not identify any public interest consideration related to this criterion.

viii. Minn. Stat. § 216B.1615, Subd. 3(8)

Minn. Stat. § 216B.1615, Subd. 3(8) requires Commission consideration of whether the TEP proposals are reasonably expected to "be transparent and incorporate reasonable public reporting of program activities, consistent with existing technology and data capabilities, to inform program design and commission policy with respect to electric vehicles". Xcel is proposing to maintain the reporting requirements established for the pilot in the October 7, 2019 Order, except for eliminating previous requirements that will no longer be applicable under the proposed expansion:

- Order Point 7.B.1.C, which required reporting the number of participants selecting to pre-pay for the charger.
- Order Point 7.B.6, which required reporting a comparison of data on the Subscription Pilot with the EV Service Pilot Program.

The Pre-Pay Option has been replaced by the Bring-Your-Own Charger (BYOC) Option in the EVAAH program,[27] and Xcel is proposing to align the Subscription Pilot within EVAAH with the introduction of a BYOC option. The elimination of the Pre-Pay Option provides justification for eliminating the reporting requirement in Order Point 7.B.1.C.

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[26] TEP at 9.

[27] *Order, In the Matter of Xcel Energy's Petition for Approval of an Electric Vehicle Home Service Program, Docket No. E002/M-19-559* (October 31, 2023).

The EV Service Pilot Program was completed and replaced by the EVAAH program.[28] With the proposed expansion of the Subscription Pilot as an option in the EVAAH program, eliminating the reporting requirement in Order Point 7.B.6 is reasonable.

Xcel's proposal to otherwise carry forward the Subscription Pilot reporting requirements previously approved by the Commission aligns with the public interest considerations of Minn. Stat. § 216B.1615, Subd. 3(8). The Department also suggests additional reporting requirements, as described in further detail below.

ix. Minn. Stat. § 216B.1615, Subd. 3(9)

Minn. Stat. § 216B.1615, Subd. 3(9) requires Commission consideration of whether the TEP proposals are reasonably expected to "reasonably balance the benefits of ratepayer funded investments in transportation electrification and impacts on utility rates".

When the pilot was initially considered, the Department expressed concerns regarding Xcel's proposed rate design due to the potential impact on utility rates.[29] Specifically, the concerns related to the pilot allowing unlimited electricity consumption during off-peak hours, the risk of non-recovery of costs associated with those off-peak hours that will be borne by ratepayers, and the general principles of a flat rate design separating customer charges from customer consumption.

First, Xcel's proposed changes to the Subscription Service program design in a permanent offering in EVAAH largely address these concerns. By introducing a monthly consumption cap of 1,000 kWh, Xcel addresses the concern of allowing unlimited electricity consumption and limits the risk of non-recovery of costs by requiring customers to pay for consumption above the cap. Notably, 96% of program participants charged less than the proposed cap.[30]

Second, Xcel's proposal to refresh the subscription price and to update the underlying energy rates better reflects actual program costs. Xcel proposed to refresh subscription pricing to align with the updated EVAAH equipment costs approved by the Commission.[31] Xcel also proposes utilizing an updated assumption of 375 kWh for assumed monthly energy usage. This is based on the average monthly consumption of 96% of program participants charging less than 1000 kWh per month, whose average monthly consumption was 372 kWh.[32] Xcel also proposes updating the underlying energy rates used to calculate the monthly flat fee to align with the EVAAH TOU rates.

In the pilot's early stages, costs exceeded revenues, but Xcel now reports that program revenues exceed costs.[33] However, there remains a potential risk of over- or under-recovery as the program expands.

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[28] *Order, In the Matter of Xcel Energy's Petition for Approval of an Electric Vehicle Home Service Program, Docket No. E002/M-19-559* (October 6, 2020).
[29] *Comments, Department of Commerce, Division of Energy Resources*, *Petition of Northern States Power Company, d/b/a Xcel Energy, for the Approval of Residential EV Subscription Service Pilot Program*, *Docket No. E002/M-19-186* (May 6, 2019).
[30] TEP Appendix H4 at 2.
[31] *Order, In the Matter of Xcel Energy's Petition for Approval of an Electric Vehicle Home Service Program, Docket No. E002/M-19-559* (October 31, 2023). *Hereinafter* October 31, 2023 Order.
[32] TEP Appendix H4 at 2.
[33] *Ibid.*

With increased participation, average energy usage may shift and pilot participant usage patterns may not be representative of the participants in a permanent offering. If permanent participant usage patterns in a permanent offering deviate from the estimated average monthly usage of 375 kWh, there will be a mismatch between the forecasted and actual costs. To limit the risk of over- or under-collection of revenue and the resulting impact to ratepayers, the Department proposes a quarterly compliance filing notifying the Commission if the difference between costs and revenues is greater than 15%.

With Xcel's proposed changes to program design in a permanent offering and the Department's additional reporting requirement, the potential impact to ratepayers can be limited. Therefore, the Department believes the proposed expansion of the Subscription Pilot furthers the public interest and reasonably balances the interest of ratepayers and investments in transportation electrification.

x. Minn. Stat. § 216B.1615, Subd. 3(10)

Minn. Stat. § 216B.1615, Subd. 3(10) requires Commission consideration of whether the TEP proposals are reasonably expected to "appropriately balance the participation of public utilities and private enterprise in the market for transportation electrification and related services." While the statutory criterion primarily implicates public charging infrastructure, Xcel's Subscription Pilot also intersects with private enterprise in the home charging market. Pilot participants have strongly preferred Xcel's bundled option, in which participants elect to have Xcel install the EV charger and pay for the associated costs in the monthly subscription fee. 108 of the pilot's 127 enrolled participants have selected the bundled option rather than the charger pre-pay option.[34] Xcel's proposed change to the program design to introduce a BYOC option provides participants additional flexibility in selecting a home charger.[35] Xcel continues to offer other EV programs which allow additional home charger installation options. The Department concludes that expansion of the Subscription Pilot into a permanent offering does not conflict with the public interest goals of balancing public utility participation with that of private enterprise in the EV charging market.

The Department approaches the proposed expansion of the Subscription Pilot to a permanent offering by assessing whether the benefits to the program are clear and whether the risks of the proposed expansion are known and low, such that adverse consequences can be mitigated through program design or other policies. Overall, the Department believes that the Subscription Pilot program appears to be successful for the following reasons:

- Overall satisfaction with the pilot program is high (78% of pilot participant survey respondents were very/extremely satisfied with program services (charger, installation, maintenance); 90% of respondents were highly likely to recommend the program to a friend; 82% were very/extremely satisfied with the value for the energy used.
- 96% of all charging during the pilot occurred during off-peak hours.
- Pilot program revenues have exceeded costs.

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[34] TEP Appendix H4 at 3.

[35] The Department notes that Xcel's proposal to introduce the BYOC option aligns with its September 12, 2023 petition in Docket. No. E002/M-19-559. The Commission subsequently approved the BYOC option in its October 31, 2023 Order.

- 77 of 127 participants have chosen to enroll in Xcel's Windsource program.[36]

Based on success of the pilot and the evaluation of Xcel's proposed Subscription Pilot expansion into a permanent offering within the EVAAH program using the criteria established in Minn. Stat. § 216B.1615, Subd. 3, the Department recommends the Commission approve the proposal.

3. *Please address whether the Commission should approve the updated tariff sheets.*

The Department notes that the EV Subscription Service tariff sheets incorporate the Customer Service Agreement (CSA) in Xcel's electric rate books, submitted together as Appendix H6 to the TEP. Xcel's updated tariff sheets, exclusive of the updates to the CSA, are included in updates to Section No. 5 of Xcel's electric rate book in Appendix H6. The Department has reviewed Xcel's updated tariff sheets in Section No. 5 and finds that the proposed updates effectively implement its program proposal. The Departments recommends the Commission approve the updated tariff sheets in Section No. 5 included in Appendix H6.

4. *Please address whether the Commission should approve the updated customer service agreements.*

The Department notes that the EV Subscription Service tariff sheets incorporate the CSA in Xcel's electric rate books, submitted together as Appendix H6 to its TEP. Xcel's updated CSA is included in updates to Section No. 7 of Xcel's electric rate book in Appendix H6. The Department has reviewed Xcel's updated CSA in Section No. 7 and notes that Xcel has filed redlines to a prior version of the relevant pages, specifically the 1st revised versions dated November 27, 2020. However, Xcel had proposed modifications to relevant portions of its tariff sheets and CSA and received Commission approval for the modifications on October 31, 2023 in Docket No. E002/M-19-559. Xcel's proposed changes in Appendix H6 filed with its TEP do not reflect these approved. Notably, Xcel has also proposed additional modifications that were not included in the proposed modifications approved on October 31, 2023 and do not appear directly related to the proposed program modifications to the EV Subscription Service Pilot expansion into a permanent offering. The Department has not conducted a complete review of the additional proposed changes, but the Department notes an example of such a new modification is the proposed limitation to customer eligibility to exclude customers with disconnection notices or pay arrangements.[37]

To ensure updated versions of Xcel's tariff sheets and CSA are appropriately reflected in the versions considered by the Commission in this proceeding, the Department recommends Xcel file a revised version of Appendix H6 using the previously approved version of its tariff sheets and CSA from October 31, 2023 as the baseline for its redlines. In addition, Xcel should explain any additional modifications that are beyond the scope of the program modifications explicitly referenced in its TEP Section III.A.

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[36] TEP Appendix H4.
[37] TEP Appendix H6 at Section No. 7, Sheet No. 115.

5. *Please address whether the Commission should approve the proposed accounting treatment.*

For the Subscription Pilot expansion into a permanent offering, Xcel proposes to keep the accounting treatment for the program essentially unchanged from the pilot. The purchase and installation of EV charging equipment will be capitalized as an Electric Distribution asset to FERC Account 101, Plant in Service in plant account 370 (Meters). The EV Subscription bundled service customer charge will be designed to recover the carrying cost for those assets for the duration of customer participation. Xcel also requests that the capitalized costs be allowed in rate base and receive a return on investment. The bundled customer charge, and the BYOC option customer charge, as applicable, are also designed to recover the costs for customer accounting and services, infrastructure maintenance, and data services.[38]

Department Table 1: Xcel's Table 8
Total 2023 EV Subscription Service Pilot Expansion Proposal Budget ($ Millions)

	2024	2025	2026	2027	Total
EVAAH – Subscription					
Participants	605	1,082	1,383	2,040	**5,109**
O&M Costs	$0.3	$0.5	$0.7	$1.1	**$2.6**
Capital Costs	$0.5	$1.0	$1.3	$1.9	**$4.6**

The Department has some concerns with the Operations and Maintenance (O&M) expenses as proposed. Given the recent multi-year rate plan in which distribution O&M expense was set for 2022 to 2024, and the 2024 rates will continue until Xcel files its next rate case. Because this is an expansion of an ongoing pilot, it is likely Xcel already has included some of these costs in existing rates. However, if the Commission grants deferred accounting for O&M expenses, Xcel should be required to show actual Distribution O&M expenses were higher than the approved Distribution O&M expenses before allowing a deferral and recovery of expenses for the EV Subscription Service Pilot Expansion.

Regarding the accounting classification in Account 370, Meters, the Department notes that EV charging equipment does not fit neatly under the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. The Department has concerns with Xcel including EV charging equipment in rate base, because these assets are not both owned and operated by Xcel, which is the traditional requirement for capitalized costs in rate base that are able to earn a weighted average cost of capital (WACC) return. Instead, Xcel owns the EV charging equipment due to how it has structured the program, but operation of the assets is left to the customer participating in the program. Additionally, the benefits of the charging equipment are largely for the customer operating the EV charging

[38] TEP at 52.

equipment and not for the broader set of customers on the distribution system. Consequently, the Department does not support including these EV charging assets in rate base.

The Department could accept the accounting classification in Account 370 if Xcel tracks these EV charging equipment assets in a separate subaccount and can show overall revenues exceed overall costs, including the WACC return. If Xcel tracks all costs and revenues of this EV Subscription Service Pilot Expansion (as noted in Xcel's Reporting Requirements Section)[39] and is can clearly show that all costs of the Expansion, including the added costs of WACC return on rate base, are offset by the revenues of the Expansion, then the Department has less of a concern with Xcel including in rate base and earning a WACC return on these particular EV charging assets.

6. *Please address whether the Commission should grant Xcel a waiver for Minn. R. 7820.3200, .3400, .3700, and .3800, and for Section 3 of Xcel's Electric Rate Book Section 6 tariff.*

The Commission Notice notes that Xcel did not request a waiver for the listed provisions, but that Xcel received a waiver in the Commission's approval of the Subscription Pilot in its October 7, 2019 Order at Order Point 4. In Xcel's Clean Transportation Portfolio petition, which was subsequently withdrawn, Xcel requested a waiver of the listed provisions.[40] The Department asked Xcel in an information request in this docket to explain whether it is requesting the Commission to grant a waiver, and Xcel indicated it inadvertently failed to request the continuation for the permanent program but would do so in Reply Comments.[41]

Minn. Rules 7820.3200 and .3400 govern matters related to the billing basis and estimated billing. The previously granted waiver permitted Xcel to issue bills based on forecasted average usage rather than measured energy usage.

Minn. Rules 7820.3700 and .3800 govern matters related to inaccurate electric meters and electric utility billing errors. Section 3 of Xcel's Electric Rate Book Section 6 tariff pertains to metering and billing. The previously granted waiver permitted Xcel to vary the definition of "metering equipment" to exclude the EV charging equipment under the program. Instead, the charging equipment would be governed by the provisions of the program's CSA and tariff.

Variance requests from Minnesota Rules are governed by Minn. Rule 7829.3200, Subp. 1, which establishes the following criteria:

> The Commission shall grant a variance to its rules when it determines that the following requirements are met:
>
> A. Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;

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[39] TEP at 51.

[40] *Initial Filing—Petition for Approval of a Public Charging Network, An Electric School Bus Pilot, and Program Modifications, Northern States Power Company, d/b/a Xcel Energy, Docket No. E002/M-22-432* (August 2, 2022), at 92-94. *Hereinafter* Xcel August 2, 2022 Petition.

[41] Attachment A, Xcel Response to Department Information Request No. 9. Attachment A provides Xcel's responses to all Department Information Requests.

B. Granting the variance would not adversely affect the public interest; and
C. Granting the variance would not conflict with the standards imposed by law.

The Department supports the Commission granting Xcel a waiver for the listed provisions for the same reasons provided by the Commission when it granted Xcel's request for the pilot.[42] The Department recommends that the Commission grant Xcel a waiver for Minn. Rules 7820.3200, .3400, .3700, and .3800, and for Section 3 of Xcel's Electric Rate Book Section 6 tariff as part of a permanent program offering.

7. *Please address whether the Commission should approve the proposed reporting requirements.*

As discussed above, the Department recommends the Commission approve the proposed reporting requirements and require a quarterly compliance filing to notify the Commission if the difference between program costs and revenues is greater than 15%.

8. *Please address whether the Commission should address any other issues or concerns.*

The Department has no other issues or concerns related to this matter at this time.

F. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED HOME WIRING REBATE PROGRAM?

The Department does not recommend approval of the Home Wiring Rebate program as proposed. The Department advocates for the public interest as outlined in Minn. Stat. § 216B.1615. The Department is not convinced that Xcel's proposal meets those statutory goals.

The Department has specific concerns with aspects of the program as proposed, and recommends against adoption of these aspects of the program. First, the Department strongly recommends against recovering from ratepayers at the weighted average cost of capital (WACC) return on capital costs and expenses for assets that the Company does not own or operate and that are "behind the meter," that is, on the customer side of the meter. Second, the Department asks that the Company be required to show actual marginal increases to operations and maintenance costs from prior approved expenses. Third, the Department notes that the qualifying criteria for the Home Wiring Rebate Program could be more strongly focused on equity.

1. *The Commission should not approve the proposed accounting treatment.*

Xcel requests that the rebate expenses administered be placed in a regulatory asset and earn a return equal to the Company's WACC. Without the ability to spread the rebate cost over the lifetime, the Company does not believe it would be feasible to scale this program.[43]

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[42] October 7, 2019 Order at 13 and 17.
[43] TEP at 57.

Department Table 2: Xcel's Table 9
Home Wiring Rebate Program Participation and Budget ($ in Millions)

	2024	2025	2026	2027	Total
Participation					
Market rebates	643	1,149	1,617	2,254	5,663
Enhanced rebates	113	203	285	398	999
O&M Costs					
Charging Equipment Maintenance	$0.0	$0.1	$0.1	$0.2	$0.4
Program Administration	$0.2	$0.4	$0.5	$0.7	$1.8
IT	$0.0	$0.0	$0.1	$0.1	$0.2
Total Annual O&M	**$0.2**	**$0.4**	**$0.7**	**$1.0**	**$2.4**
Capital Costs					
Rebates	$0.5	$0.8	$1.2	$1.7	$4.2
IT	$0.0	$0.1	$0.1	$0.2	$0.4
Total Annual Capital	**$0.5**	**$0.9**	**$1.3**	**$1.9**	**$4.6**

The Department opposes capitalizing rebates used for purchases of equipment the utility does not own and operate and that will be utilized entirely behind the meter. The Department does not oppose rebates for home wiring to promote transportation electrification *per se*, but such non-standard accounting as Xcel proposes here subsidizes EV users at the expense of non-participating ratepayers. The Department finds this cross-subsidy would better serve the public interest if it were directed toward income-qualified customers and those bearing the largest environmental burdens. In addition, rebates are an expense, not a capital cost, as a result deferred accounting is required to allow recovery in a future rate case.

There are two major exceptions to this general accounting principle, with which the Commission may grant recovery at WACC: the statutory exemption in Minn. Stat. § 216B.1615, Subd. 4, and the limited exception granted under deferred accounting criteria when there are good public policy goals furthered by unforeseen circumstances. The Department is not persuaded that the Home Wiring Rebate Program proposed in the Company's filing meets the criteria for either of these exceptions to non-standard accounting.

i. The Home Wiring Rebate Proposal does not meet statutory criteria to be rate-based.

Statute[44] requires that a proposal that garners Commission approval "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector; […] reasonably balance the benefits of ratepayer funded investments in transportation electrification and impacts on utility rates; […] and appropriately balance the participation of public utilities and private enterprise in the market for transportation electrification and related services."[45] The statute also allows for the possibility of "… recovery under section 216B.16, including an appropriate rate of return, of any prudent and reasonable investments made or expenses incurred by a public utility, including rebates for the installation of electric vehicle infrastructure.…"[46] The Department finds that recovery at WACC return through deferred accounting is not an appropriate rate of return for these expenses. The Department finds both that the rebates are not an appropriate balance in the participation of public utilities and private enterprise and that the impacts on utility rates would better balance the interests of all ratepayers with a stronger focus on income-qualified and disproportionately impacted communities.

The Home Wiring Rebates—and particularly the Market-Rate Rebate—are potentially redundant or of limited value relative to other funding opportunities both from the private sector in the form of rebates, and from federal tax incentives and state programs. For example, some EV manufacturers have offered rebates for home EVSEs.[47] In addition the federal Inflation Reduction Act provides for some funding for home electrification and EVSEs, to be administered by state agencies and nonprofits—in Minnesota, one such program will be administered by the Department.[48] The Company has not shown how or if it will prevent customers from double-dipping in rebates from these overlapping programs. Accordingly, there is a risk of ratepayers funding wiring rebates for recipients that receive rebates or tax credits from elsewhere.

The Department is concerned by the wealth transfer from the Company's ratepayers to EV buyers. The primary beneficiaries of the rebates—and the Market-Rate rebates in particular—are EV purchasers at large, and not income-qualified households or disproportionately impacted communities. The Department acknowledges that there may be some communal benefits to transportation electrification from reduced particulate and greenhouse gas emissions. Nonetheless, the Department is wary of this cross-subsidy, and is not convinced that equity goals would be adequately met by or mitigate the cross-subsidy under the Company proposal.

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[44] Minn. Stat. § 216B.1615.
[45] Minn. Stat. § 216B.1615, Subd. 3, (2), (9) and (10).
[46] Minn. Stat. § 216B.1615, Subd. 4.
[47] *See* https://www.cars.com/articles/which-new-electric-vehicles-come-with-free-charging-449786/ and https://www.hyundaiusa.com/us/en/special-programs/hyundai-home-charging-package
[48] *See* https://www.rewiringamerica.org/app/ira-calculator/information/electrical-wiring and https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions

The program as designed will not target low-income and disproportionately-impacted EV purchasers effectively through the proposed criteria for the Enhanced Rebates. A strongly progressive cross-subsidy toward those disadvantaged ratepayers would better balance societal benefits with ratepayer impact. Minn. Stat. § 216B.1615, Subd. 3(2) requires the Commission to consider whether the TEP proposals are reasonably expected to "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector." The proposed Enhanced Rebate would be available to applicants that meet one of three criteria.[49] Xcel projects that "approximately 44 percent of the rebate-specific budget will be used to administer Enhanced rebates, which are targeted to support customers in disadvantaged communities and EJ [Environmental Justice] areas."[50]

The first qualifier, that the "[p]remise is located within a Disproportionately Impacted Community (DIC), as defined and published by the White House Council on Environmental Quality's Justice40 Initiative," uses census tracts as geographical boundaries to identify areas that are impacted by both environmental and income burdens. The methodology to identify those census tracts cross-references eight indicators of burdens with an additional filter for low income.[51] The Department recognizes that DIC status is sufficient to meet the income- and environmental-justice-qualifiers that the statute requires.

The second qualifier, that the "Premise is located within an EJ Area, as defined and published by the Minnesota Pollution Control Agency [(MPCA)]," also uses census tracts as geographical boundaries to identify areas that are generally impacted by environmental and income burdens—but differs from the federal map in that environmental burdens are not cross-referenced with income. Instead, the MPCA

[49] TEP at 53, listing the following criteria: 1) Premise is located within a Disproportionately Impacted Community (DIC), as defined and published by the White House Council on Environmental Quality's Justice40 Initiative; 2) Premise is located within an EJ Area, as defined and published by the Minnesota Pollution Control Agency; 3) Current or previous participant (within the last 5 years) in the Weatherization Assistance Program, Affordable Housing Rebate Program, or Minnesota's Low-Income Renter Classification.

[50] The Department is very concerned with the accuracy of this estimate—and accordingly, compliance with Order Point 5.H of the August 23, 2023 Order. *See* Attachment A, Xcel Response to Department of Commerce Information Request 7: "The estimate of the percentage of the budget needed for Enhanced Rebates is based on an estimate of the percentage of census tracts within our service territory that lie within a census block designated as a Disproportionately Impacted Community (DIC) or Environmental Justice Area (EJ Area) and that percentage is then applied to the Enhanced Rebate participation forecast. The Company assessed whether each census block within its service territory was designated as an EJ Area or DIC and totaled the number of eligible residential premises across its service territory to find the total number of residential customers eligible for the Enhanced Rebate. This calculation can be found in Attachment A."; *see also*, Xcel Response to Department of Commerce Information Request 7, Attachment A Part 1, which at "Summary" sheet, cell C6 gives the Residential Premises within DIC or EJ Areas expressed as a percentage: 44%. The estimate appears to assume that the budget expenditure attributable to Enhanced Rebates is simply equal to the percentage of residential premises within qualifying census tracts. This estimate makes unsubstantiated assumptions and ignores several relevant factors: 1) if it were showing total individual rebates administered (it does not purport to be; instead it purports to be a percentage of the total budget), it then assumes that uptake rates would be the same across census tracts; 2) the Enhanced Rebate is 2.4 times larger than the Market Rate rebate, which would mean that far fewer Enhanced Rebates as compared to Market-Rate Rebates would be needed to comprise 44% of the budget.

[51] *See* [Methodology & data - Climate & Economic Justice Screening Tool (geoplatform.gov)]

map uses four filters to qualify a census tract, where meeting *any* of the four qualifies the whole census tract as eligible for the Enhanced Rebate.[52] Examination of the MPCA map[53] referenced by the Company reveals that most of the census tracts in Minneapolis and St. Paul would qualify for the Enhanced Rebate under this criterion alone.[54] By contrast, census tracts meet the DIC status under the Justice40 Initiative if they meet one of eight criteria that are each *additionally* qualified by low-income status (except for the workforce development criterion, which is instead additionally qualified by low-education). As a result, the federal criteria result in a map that is more closely tailored to the intersection of environmental and income burdens. This close tailoring is especially important when the defined geographical area is a census tract rather than a premise, because it is probable that some higher-income households exist in an otherwise qualifying census tract. The Department recognizes that there is some public policy utility in driving EV adoption in areas that have experienced larger burdens of pollution from vehicle emissions. However, given the substantial overlap in public policy goals between the DIC area definition from the Justice40 Initiative and the EJ Area definition from the MPCA, the Department strongly recommends against adoption of the less precise MPCA definition in favor of the more precise Justice40 Initiative definition and methodology.

The third qualifier is that the premise must be a, "[c]urrent or previous participant (within the last 5 years) in the Weatherization Assistance Program, Affordable Housing Rebate Program, or Minnesota's Low-Income Renter Classification." This qualifier is tailored only to historical income and only by household. The Department recognizes the advantages of using other program qualifications as proxies to low income, which reduce participatory burdens such as the provision of tax returns to verify income. The Department has done similar work to recognize low-income status in its administration of the Energy ECO programs, and it has compiled a more comprehensive list of eligible programs.[55] The Department recommends—whether in this proposal, or in a refiling in this proceeding or before the Department under the ECO program[56]—that the Company instead use this more inclusive list of eligibility to show low-income status.

For the above reasons, the Department recommends that the Commission not approve the proposed accounting treatment of the Home Wiring Rebate program. The Department concludes both that the rebates do not appropriately balance the participation of public utilities and private enterprise, and

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[52] Those criteria are: 1) At least 35% of people reported income less than 200% of the federal poverty level; 2) 40% or more people of color; 3) Federally recognized Indian Tribes; 4) At least 40% of people have limited English proficiency
[53] *See* MPCA Understanding Environmental Justice in Minnesota
[54] *See* Xcel Response to Department of Commerce Information Request 7, Attachment A Part 1, Sheet 1, which shows that 418,459 of a total 1,219,966 Xcel-served residential premises lie within an MPCA EJ Area census tract, but not a DIC census tract. By comparison, 123,249 premises qualify as residing within both DIC and EJ Areas, and only 316 premises (all in one census tract, no. 27053980000) meets DIC criteria but not EJ Area criteria. The Department concludes from this data that the DIC methodology is considerably more narrowly tailored, and more likely to effectively target census tracts affected by both the environmental and income factors laid out in statute.
[55] *Decision, In the Matter of CenterPoint Energy's 2024-2016 Energy Conservation and Optimization Triennial Plan, Minnesota Department of Commerce, Docket No. G008/CIP-23-95, G7033, E7031/CIP-23-100, G7034, E7032/CIP-23-101*, (December 1, 2023), Appendix E.
[56] *See* Department Attachment B, Xcel Response to OAG Information Request 10.

that the impacts on utility rates would better balance the interests of all ratepayers with a focus on income-qualified and disproportionately impacted communities.

ii. The Home Wiring Rebate Proposal does not meet the limited public policy exemption.

Rebates do not meet the criteria for deferred accounting, which is an extraordinary remedy and will only be granted if the costs are unusual, unforeseen, and large enough to have a significant impact on a utility's financial condition, unless the expense is sizable and necessary to meet important public policy reasons.[57] These costs are not unusual, as they are proposed under a plan that is required to be filed at least every four years. These costs are likewise not unforeseen. The costs are not large enough to have a significant impact on the Company's financial condition. The public policy goals of the program are important, as the legislature has seen fit to require utility filing of a TEP, but they are not immediate and extant. For these reasons, the Department finds that the rebates do not meet the exemption for deferred accounting. The Commission should not allow recovery at WACC return in the Company's rate base. Instead, rather than deferred accounting, recovery of these expenses through amortization or a tracker-like mechanism (such as is implemented through ECO) with short-term and long-term debt would better protect ratepayer interests.

iii. Concerning proposed Operations and Maintenance Costs

The Department does have some concerns with the projected Operations and Maintenance (O&M) expenses. A recent multi-year rate plan[58] included distribution O&M expense for 2022 to 2024, with the 2024 rates continuing until Xcel files its next rate case. In that rate case, the Commission required Xcel to remove several included EV projects and the related O&M expenses. The Department notes that the Home Wiring Rebate Program is newly proposed, so expenses would not be included in current rates. If the Commission were to grant deferred accounting for O&M expenses, then the Commission should also require the Company to show that actual Distribution O&M expenses were higher than the approved Distribution O&M expenses from that rate case, prior to allowing a deferral and recovery of expenses for this Home Wiring Rebate Program.

2. *Please address whether the Commission should approve the proposed reporting requirements.*

The Department has reviewed the proposed reporting requirements. For consistency the requirement that "Percentage of rebate recipients located in an Environmental Justice Area of Concern (EJ Area)"[59] should reflect the approved standard(s) for qualifying census tracts, should it be ordered to deviate from the Company's proposal.

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[57] *In the Matter of Minnesota Power's Petition for Approval of Deferred Accounting Treatment for Approved EV Program Costs, Docket No. E015/M-21-349, Order Partially Approving Deferred Accounting* (February 2, 2022).
[58] Commission *Findings of Fact, Conclusions, and Order, In the Matter of the Application of Northern States Power Company, dba Xcel Energy, for Authority to Increase Rates for Electric Service in the State of Minnesota, Docket No. E002/GR-21-630* (July 17, 2023).
[59] TEP at 56.

3. *The Commission should require Xcel to file tariff pages, including the Customer Service Terms and Conditions, for the proposed Home Wiring Rebate Program.*

The Department asserts that it is in the public interest for the Company to file tariff pages that include Customer Service Terms and Conditions for its customer offerings, including the Home Wiring Rebate Program, should it be approved in this or any other docket.

4. *Please address whether the Commission should address any other issues or concerns.*

The Department is concerned that eligibility for the proposed Enhanced Rebates may differ from other programs—some to be administered by the Department, whether through ECO or through programs authorized and funded by the federal Inflation Reduction Act—and is further concerned that those differences may affect program uptake and participation by the customers they are designed to serve. Both the showing of eligibility or qualification for an income-qualified program and the knowledge that such a program exists are significant barriers to entry. Differing criteria for similar programs and services effectively raise this barrier to entry. Furthermore, the Company has not shown how potential recipients of the Enhanced Rebate will demonstrate to the Company their participation in the Weatherization Assistance Program, Affordable Housing Rebate Program, or Minnesota's Low-Income Renter Classification, some of which require consent to view privileged information. The Department urges the Company to show in its Reply Comments how, if at all, it plans to harmonize eligibility criteria with similar programs, and how it may otherwise reduce barriers to entry for income-qualified rebate recipients.

G. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED ELECTRIC SCHOOL BUS DEMONSTRATION?

The Department has reviewed Xcel's proposed Electric School Bus Demonstration Pilot, and recommends approval in part, modification in part, and rejection without prejudice and refiling in part for certain accounting treatments.

The Department recommends that the program participants be required to follow MN DIP for the proposed school bus vehicle-to-grid (V2G) EVSE interconnections.

The Department opposes capitalizing rebates used for purchases of equipment the utility does not own and operate and that will be utilized entirely behind the meter; the V2G EVSE rebates here meet these criteria, and the Department urges the Commission not to approve the proposed accounting treatment. A re-proposal of these rebates under the ECO program may be a better programmatic fit. The remainder of the equipment proposed for this demonstration pilot, from the point of interconnection forward, will be owned and operated by the Company. Accordingly, the Department does not share the same concern.

The Department recommends modification of the proposed reporting requirements.

Finally, the Department recommends the Commission require the Company to file updated tariff pages and the Vehicle-to-Grid (V2G) addendum to the Fleet EV Service Pilot for the proposed Electric School Bus Demonstration.

1. Xcel Proposal

Xcel's Electric School Bus Demonstration Pilot proposes to encourage school bus electrification and explore the benefits of school buses as a distributed energy resource (DER) through bi-directional charging. The key features of the pilot are twofold:

- Encouraging fuel switching from internal combustion engine school buses to electric school buses that can reduce vehicular emissions.
- Encouraging greater load management through the bi-directional connection that can enable charging and discharging during favorable grid conditions.

The pilot has undergone several changes from its earlier versions filed before the Commission. In its current form, Xcel proposes to partner with the Department's Electric School Bus Deployment Program. According to Xcel, approximately $13 million has been authorized for this program by the Minnesota Legislature that can facilitate the deployment of about 40 electric school buses. The Company will pick two participants for its pilot from the pool of school bus operators in the Department's program, where Xcel will provide the relevant charging infrastructure. The Company intends to file a supplement to this TEP in 2024 that may include an expanded school bus offering to expand this pilot.

Xcel "proposes to provide EVSI services, bi-directional capable EVSE, and related distribution interconnection infrastructure to two school bus operator participants at no cost."[60] The Company proposal includes working with participants to site, design, and install the EV charging infrastructure, including any needed distribution upgrades. The Company will own and operate the distribution and EVSI equipment, while the school districts and/or school bus operators will purchase and procure the buses and chargers from the manufacturers or other appropriate sources and coordinate a timeline and plan for delivery to coincide with the Company's installation of the charging infrastructure. Xcel proposes to provide a rebate for the participants' eligible bi-directional EVSE to cover the cost.[61] The Company laid out the contract that participants will have to sign with Xcel, including an addendum that includes terms and conditions to enable fulfilment of the pilot objectives.

As part of its reporting requirements, Xcel proposes to track a variety of metrics related to participation, costs, energy consumption (kWh) and energy demand (kW) resulting from the pilot. The Company would also report the number of V2G events conducted each summer and the amount of energy benefitting the grid to capture the load management benefits of the program. Xcel proposes to report the proportion of participants located in environmental justice areas according to MPCA's Screening Tool along with participant satisfaction data.

2. Analysis of Xcel's Proposal

The Department appreciates Xcel's interest in providing charging infrastructure to school districts. The Company's commitment to working with the Department's Electric School Bus Deployment Program will help leverage existing state funding and provide the incremental support needed for school

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[60] TEP at 58.
[61] *Id*. at 61.

districts and bus operators to maximize the benefits from this program. Department Table 3 below summarizes the participation levels and cost breakdown for this demonstration pilot.

Department Table 3: Xcel's Table 10
Electric School Bus Demonstration Participation and Budget ($ in Millions)

	2024	2025	2026	2027	Total
Participation					
Electric Buses Supported	0	0	1	1	**2**
V2G EVSE	0	0	1	1	**2**
O&M Costs					
Education & Awareness	$0.0	$0.1	$0.1	$0.2	$0.3
Infrastructure Maintenance	$0.0	$0.0	$0.0	$0.1	$0.1
Program Administration	$0.0	$0.2	$0.2	$0.2	$0.5
Total Annual O&M	**$0.0**	**$0.2**	**$0.2**	**$0.4**	**$0.8**
Capital Costs					
Distribution	$0.0	$0.0	$0.0	$0.0	$0.0
EVSI	$0.0	$0.0	$0.0	$0.0	$0.1
V2G EVSE Rebates	$0.0	$0.0	$0.2	$0.2	$0.3
Information Technology	$0.0	$0.0	$0.0	$0.0	$0.0
Total Annual Capital	**$0.0**	**$0.0**	**$0.2**	**$0.2**	**$0.5**

The Department issued an Information Request to understand reasons for changes in O&M costs between this filing and previous proposals for Electric School Bus Pilots.[62] While the decrease in capital costs can be explained by the smaller scope of the proposal, it was not clear why O&M costs for the pilot increased despite a reduction in the number of participants. In its response to Department Information Request 10, Xcel stated that O&M costs for 2023 are projected to be about 33 percent higher than the costs projected in the 2022 filing.[63] The primary reason for this increase is the increase in education and awareness and administrative costs. In the 2022 filing, the Company anticipated partnering with school bus fleet operators, with the requirement that school bus fleet operators would take on some of the education and awareness costs and administration costs and activities. The Company's current proposal does not assume cost sharing with school bus fleet operators. Instead, in

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[62] Attachment A, Xcel Response to Information Request 10.
[63] *Ibid*.

the 2023 filing, Xcel assumes the full costs of recruiting demonstration participants, including educating potential participants about the demonstration requirements, supporting participants in their application processes, and designing processes to collect participant information to support evaluation and reporting efforts. Xcel also included administrative costs to coordinate with the Department's School Bus Electrification Program. The Department also notes that Xcel moved its IT costs that were classified as O&M costs in the Company's 2022 filing to capital expenses in their current filing.

The Department also notes the V2G EVSE Rebates in Department Table 3. The Company proposes to rebate two bi-directional, V2G chargers and associated equipment as part of this demonstration pilot. The Company proposes to place the V2G EVSE rebates in a regulatory asset on which they would earn its WACC. These rebates would offset the cost of assets that will be owned by the pilot participants and are behind the meter. Accordingly, the accounting treatment should correspond to other rebates provided by the Company for other customer owned assets. The Department opposes the treatment of V2G EVSE Rebates as regulatory assets to be capitalized.

The Department notes that Otter Tail Power in its 2024-2026 ECO Triennial Plan (Docket No. E017/CIP-23-94) filed on June 30, 2023, provides its customers a rebate of $500 per EV charger. The proposed V2G EVSE rebates can receive the same accounting treatment as rebates for other customer owned equipment if such a rebate program is filed by Xcel as a modification in its current 2024-2026 ECO Triennial Plan (Docket No. E,G002/CIP-23-92). While the approval of such a filing will depend on the details of the proposal, including but not limited to its cost effectiveness, the Department notes that other utilities are already utilizing this pathway for offering rebates for customer-owned EVSE.
The Department sees considerable advantages to administering the V2G EVSE rebates within the Company's ECO Triennial Plan. Administering the V2G EVSE rebates in Xcel's Triennial Plan would both better meet traditional accounting principles for utility expenses, and it would treat all utility expenses toward customer-owned assets consistently. Because utilities have an incentive to design cost-effective programs under ECO, they would be encouraged to leverage federal funds, state funds and rebates from automakers to the highest possible levels. The ECO program provides more facile pathways to modify and adapt programs more quickly than through notice and comment periods before the Commission. A special regulatory asset to tract V2G EVSE rebate expenses would be unnecessary, considering existing CIP Riders and the attendant cost recovery mechanism. Lastly, qualifiers published in recent triennial plans are a more comprehensive measure of low-income households, and a targeted low-income V2G EVSE rebate program would be consistent with other utility programs dedicated to low-income customers within ECO.

3. *Please address whether the Commission should require Xcel to follow MN DIP for school bus interconnections.*

The Minnesota Distributed Energy Resources Interconnection Process (MN DIP)[64] is the set of statewide standards that govern the interconnection process for distributed energy resources (DER).

[64] *See* Minnesota Distributed Energy Resources Interconnection Process v2.3, *retrieved at* MN DIP tcm14-431769.pdf

The V2G EVSE contemplated by the school bus pilot differ from other EVSE in that they have the capability to send power onto the Area Electrical Power System (Area EPS). In the case of the school bus pilot, the EVSE will be owned and operated (within some limitations) by a third-party, not the Area EPS operator, Xcel. These characteristics of the pilot conform with other DER contemplated by MN DIP. For those reasons, the school bus pilot participants should be required to follow the MN DIP process. The Department recognizes that the Company will be heavily involved in the selection of sites and participants and believes that its assistance of the participants in this process may provide learning opportunities regarding the application of the MN DIP to V2G EVSE.

4. *Please address whether the Commission should approve the accounting treatment.*

The Department opposes the treatment of expenses as capital costs to be recovered at WACC. In this case, much like the proposed Home Wiring Rebates, the rebates for V2G EVSE will be used for purchases of equipment the utility does not own and operate and that will be utilized entirely behind the meter. While the proposed EVSE rebate is conditioned on certain uses by the Company, operation will ultimately rest with the rebate recipient. For these reasons, the Department opposes the proposed accounting treatment of the EVSE rebate for this demonstration pilot. However, the Department notes the similarity between these rebates and some rebates in the ECO program. Accordingly, the Commission should reject without prejudice the V2G EVSE rebates from this pilot and ask Xcel to refile it as a modification to Xcel's 2024-2026 ECO Triennial Plan (Docket No. E,G002/CIP-23-92).

The Company's Electric School Bus Demonstration Budget for O&M expenses (education and awareness, infrastructure maintenance, and program administration) totals $0.8 million over the period 2024 to 2027, as shown in Department Table 3. The Department generally has concerns about whether these types of expenses are incremental expenses not already included in base rates, especially in light of a recent rate case with a multi-year rate plan of 2022 to 2024. However, since the Commission required all EV costs including O&M related expenses be removed from the rate case, and this is a new project, the Department is less concerned. Additionally, the O&M expense budget of $0.8 million over four-years is minimal. As a result, the Department considers Xcel's O&M expense budget to be reasonable for the Electric School Bus Demonstration.

Regarding Xcel's Electric School Bus Demonstration Budget for Capital Costs totaling $0.5 million, as shown in Department Table 3, Xcel provides the following:

- Service Connection and EVSI: The Company will install and own all EVSI infrastructure, including new panels, conduit, wiring, and associated equipment up to the charger, as well as any necessary civil construction work in compliance with state and local codes. This work will be completed by third-party contractors and accounted for in the same manner that similar infrastructure is installed and recorded under the Fleet EV Service Pilot. The Company will also install and own all equipment on the utility's traditional side of the point of service connection. This work will be done by the Company.

- V2G EVSE: The Company proposes to rebate two bi-directional, V2G chargers and associated equipment to test vehicle to grid capabilities. As discussed in greater detail in Section IV.B, the Company proposes to place the V2G EVSE rebates in a regulatory asset on which the Company would earn its WACC.[65]

The Department does not oppose capitalizing the capital costs described in the first bullet, as the Company both will own and operate the Service Connection and EVSI equipment. Additionally, the costs for the capitalized EVSI is small at $0.5 million for 2024 to 2027, although ratepayers will be paying for these costs over the 10-year life of the facilities.

The Department has concerns with Xcel recording as a regulatory asset and effectively rate basing and earning a WACC return on the rebates for the V2G EVSE chargers and associated equipment described in the second bullet. The proposed non-standard accounting treatment is subject to the same analysis as the Home Wiring Rebates above. Similarly, the Department finds that the EVSE rebates in this case meet neither the statutory criteria nor the criteria for deferred recovery.

However, the Department believes the EVSE rebates in the Company's Electric School Bus Demonstration could be addressed and funded in ECO, where cost recovery could be accomplished in a tracker-like mechanism with short-term and long-term debt rates depending on the recovery period.

If the Commission finds that ECO would not be the appropriate venue to address the school bus EVSE rebates, then the Department recommends that a similar mechanism to recover this expense be used rather than capitalizing the cost.

5. *Please address whether the Commission should approve the proposed reporting requirements.*

The Department has analyzed the Company's proposed reporting requirements. The pilot provides key learning opportunities with respect to V2G technology and load flexibility potential. To that end, the Department proposes the following reporting requirements should be added to the pilot:

- Monthly load shapes for the chargers showing periods of charging and discharging;
- Data on any local congestion patterns around times of charging and discharging in the reasonable vicinity of the EVSE;
- Data on system load shape in the reasonable vicinity of the EVSE;
- Data on any local renewable generation, if any, around times of charging and discharging in the reasonable vicinity of the EVSE
- Data on amount of other load management resources in the reasonable vicinity of the chargers).

[65] TEP at 65.

The Department expects the proposed additions to the reporting requirements will help better understand the potential of this technology and enhance the learnings of the pilot.

6. *Please address whether the Commission should require Xcel to file updated tariff pages and Vehicle-to-Grid (V2G) addendum to the Fleet EV Service Pilot for the proposed Electric School Bus Demonstration.*

The Department asserts that it is in the public interest for the Company to file updated tariff pages and addenda to the Fleet EV Service Pilot for the proposed Electric School Bus Demonstration.

7. *Please address whether the Commission should address any other issues or concerns.*

The Department does not have any other issues or concerns with the Electric School Bus Pilot at this time.

H. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED BUDGET EXPANSION FOR THE FLEET EV SERVICE AND PUBLIC CHARGING PILOTS?

1. *Xcel Proposal*

Xcel requests an extension of the enrollment period for its Fleet EV Service and Public Charging Pilots and bridge funding to support additional participants in each program. Xcel closed new enrollment upon fully allocating the approved budgets to completed and in-progress projects. 91 additional projects have expressed interest in participating in one of the two pilots, prompting Xcel's request for bridge funding. Xcel has designated the 91 additional projects across three levels of project readiness:

- Ready-to-execute: the customer is ready to sign or has already signed an agreement with Xcel;
- Likely to move forward: initial meetings, site visits, or preliminary design work has been initiated;
- TBD: parties that have expressed interest.[66]

Xcel requests a total pilot bridge budget of $22.3 million for the pipeline of 91 additional projects, including $17.3 million for capital costs and $5 million O&M expenses, which is shown below in Department Table 4.

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[66] TEP at 66.

Department Table 4: Xcel's Table 11
Estimated Pilot Bridge Participation and Budget ($ in Millions)

	2024	2025	2026	2027	Total
Participation					
Fleet Ports	27	40	0	0	**67**
Public Charging Ports	304	375	0	0	**678**
O&M Costs					
Education & Awareness	$0.3	$0.3	$0.0	$0.0	**$0.5**
Infrastructure Maintenance	$1.1	$1.6	$0.0	$0.0	**$2.7**
Program Administration	$0.6	$0.7	$0.0	$0.0	**$1.3**
Information Technology	$0.2	$0.2	$0.0	$0.0	**$0.4**
Total Annual O&M	**$2.1**	**$2.9**	**$0.0**	**$0.0**	**$5.0**
Capital Costs					
Distribution	$0.0	$0.0	$0.0	$0.0	$0.0
EVSI	$6.0	$9.8	$0.0	$0.0	$15.7
EVSE	$0.0	$0.0	$0.0	$0.0	$0.0
Information Technology	$0.6	$1.0	$0.0	$0.0	$1.5
Total Annual Capital	**$6.6**	**$10.7**	**$0.0**	**$0.0**	**$17.3**

Xcel also requests budget flexibility with regards to the application of the bridge funding for each pilot program. Namely, Xcel proposes to reserve 15% of the bridge funding budget, or $3.3 million, to each of the two pilot programs. For the remaining $15.7 million, Xcel requests flexibility to apply funds based on customer demand and project scoring criteria, discussed below in response to Notice Topic 8.B.

Xcel also requests extending the enrollment period for both pilots through the end of 2025 to accommodate the maturation of projects from early-stage interest to signed agreements and design and construction. Xcel also indicated it intends to utilize data and pilot evaluations for a potential proposal for a permanent program offering in 2024.[67]

2. Statutory Criteria

i. Minn. Stat. § 216B.1615, Subd. 3(1)

Minn. Stat. § 216B.1615, Subd. 3(1) requires Commission consideration of whether the TEP proposals are reasonably expected to "improve the operation of the electric grid". The Commission established its principles of transportation electrification and the role of utilities in its EV Inquiry Order, including that

[67] *Ibid.*

optimizing EV integration with the electric system is critical to advance the public interest.[68] The Fleet EV Service and Public Charging Pilots promote EV adoption across the relevant customer classes with utility investments that facilitate the electrification of vehicle fleets and expand the availability of public charging infrastructure. However, the pilots have limited data available on the optimization of EV charging among program participants, as discussed in Xcel's June 30, 2023 EV Annual Report Supplement (EV Supplement), including the extent to which charging is occurring off-peak. This hinders the assessment of the pilots and their overall impact on the electric grid and, therefore, the potential impact of the proposed bridge funding on grid operations. The Department forgoes a determination regarding the public interest consideration of Xcel's proposal using this criterion.

ii. Minn. Stat. § 216B.1615, Subd. 3(2)

Minn. Stat. § 216B.1615, Subd. 3(2) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector". The Public Charging Pilot supports accessible and equitable deployment of charging infrastructure across the customer groups identified. Xcel has partnered with the local nonprofit HOURCAR to develop the EV Spot Network of EV mobility hubs. Xcel had 121 enrolled projects as of April 2023, of which 70 were EV Spot Network sites.[69] HOURCAR's participant data indicated that Xcel's support of the EV Spot Network and related Evie Carshare service are providing access to EVs to the targeted customer groups, as 38% of participation was derived from BIPOC/non-white users and 36% was from very low-income users.[70] The Public Charging Pilot also supports EV charging outside of the Twin Cities metro area, providing potential access to rural communities, as well.

Xcel estimates that among the proposed pilot bridge participants, 59% of participation will be in EJ areas based on the proportion of the 46 projects considered ready-to-execute or likely to proceed.[71] EJ areas provide a proxy for the customer groups targeted under this public interest criterion, and Xcel's estimate for future participation along with its existing participant profile provides a reasonable expectation that Xcel's proposal would further the public interest under this criterion.

iii. Minn. Stat. § 216B.1615, Subd. 3(3)

Minn. Stat. § 216B.1615, Subd. 3(3) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to publicly available electric vehicle charging for all types of electric vehicles". The Public Charging Pilot is designed to aid in the deployment of publicly available Level 2 and DCFC chargers in Xcel's service territory. Xcel's proposed bridge funding is estimated to provide an additional 678 public charging ports.[72] The Department concludes that Xcel's proposal would be consistent with the public interest consideration under this criterion.

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[68] EV Inquiry Order at Order Point 3.
[69] June 6, 2023 EV Annual Report at 28.
[70] *Ibid.*
[71] TEP at 69.
[72] *Ibid.*

iv. Minn. Stat. § 216B.1615, Subd. 3(4)

Minn. Stat. § 216B.1615, Subd. 3(4) requires Commission consideration of whether the TEP proposals are reasonably expected to "support the electrification of medium-duty and heavy-duty vehicles and associated charging infrastructure". The Fleet EV Service Pilot is available to commercial customers operating fleets of vehicles of multiple vehicle classes, including light-, medium-, and heavy-duty vehicles. The active pilot participants operate a diversity of EVs, including electric buses, light-duty, and heavy-duty vehicles and charge via Level 2 and DCFC chargers.[73] Xcel's proposed bridge funding is estimated to provide an additional 67 Fleet EV charging ports, but Xcel does not provide an estimate of the vehicle classes of potential participants.[74] However, due to the pilot's inherent focus on fleet participants that serve a diversity of vehicles, it is reasonable to conclude that Xcel's proposal for additional funding would continue to support transportation electrification among medium- and heavy-duty vehicles. The Department concludes that Xcel's proposal would be consistent with the public interest consideration under this criterion.

v. Minn. Stat. § 216B.1615, Subd. 3(5)

Minn. Stat. § 216B.1615, Subd. 3(5) requires Commission consideration of whether the TEP proposals are reasonably expected to "reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health". The Commission established in its EV Inquiry Order that transportation electrification can further the public interest in clean energy by reducing statewide greenhouse gas (GHG) and environmentally harmful emissions.[75] The Fleet EV and Public Charging Pilots each promote EV adoption through the facilitation of vehicle fleet electrification and expanding the availability of public charging infrastructure, respectively. As an example of the greenhouse gas emissions reductions resulting from the Public Charging Pilot, HOURCAR estimates its Evie Carshare program reduced more than 2,000 metric tons of GHG emission.[76] In addition, the Fleet EV pilot's support for transportation electrification among fleets utilizing vehicles across the medium- and heavy-duty vehicle classes can be particularly impactful in addressing emissions of other air pollutants. While not fully quantified for Xcel's existing program participants or its proposed bridge funding, the Department believes Xcel's proposal can be reasonably expected to reduce GHG and other air pollutant emissions with transportation electrification.

vi. Minn. Stat. § 216B.1615, Subd. 3(6)

Minn. Stat. § 216B.1615, Subd. 3(6) requires Commission consideration of whether the TEP proposals are reasonably expected to "stimulate nonutility investment and the creation of high-quality jobs for local workers". The Fleet EV and Public Charging Pilots provide make-ready EV infrastructure investments to facilitate the electrification of vehicle fleets and expand the availability of public charging, respectively.

[73] June 6, 2023 EV Annual Report.
[74] TEP at 69.
[75] EV Inquiry Order at Order Point 1.C.
[76] 2023 EV Annual Report at 28.

The Fleet EV Pilot provides participants the option to purchase, install, and maintain their own EVSE, which 9 of the 12 active sites as of April 2023 have selected, and one site has also leveraged external funding.[77] The Public Charging Pilot also stimulates nonutility investment in EVSE by lowering the overall investment barrier to deploying public charging among participants. The pilot has also leveraged external funding to support the deployment of charging infrastructure, including the development of the EV Spot Network with HOURCAR and other partners. The Fleet EV and Public Charging Pilots both promote nonutility investment and job creation associated with customer-owned EVSE, and Xcel's proposal for bridge funding can be reasonably expected to further the public interest under this criterion.

vii. Minn. Stat. § 216B.1615, Subd. 3(7)

Minn. Stat. § 216B.1615, Subd. 3(7) requires Commission consideration of whether the TEP proposals are reasonably expected to "educate the public about the benefits of electric vehicles and related infrastructure". The Fleet EV and Public Charging Pilots are not principally educational programs, but each of the pilots also provide ancillary benefits regarding public education. The Fleet EV Pilot serves non-profit and public sector fleets with visibility to the public, including transit agencies whose vehicles directly serve the public.[78] The Public Charging Pilot is inherently visible to the public, supporting EV charging infrastructure along driving corridors, community mobility hubs such as those of the EV Spot Network, and chargers hosted by private and public entities.[79] The EV Spot Network makes up 48 of the 58 active sites as of April 2023, offering highly visible EV chargers throughout Minneapolis and St. Paul along with the associated Evie Carshare vehicles.[80] The Public Charging Pilot facilitates public education of EVs and related infrastructure through the deployment of publicly available charging infrastructure. Xcel's proposal for bridge funding can be reasonably expected to provide additional public education benefits through the further expansion of fleet transportation and deployment of public charging infrastructure.

viii. Minn. Stat. § 216B.1615, Subd. 3(8)

Minn. Stat. § 216B.1615, Subd. 3(8) requires Commission consideration of whether the TEP proposals are reasonably expected to "be transparent and incorporate reasonable public reporting of program activities, consistent with existing technology and data capabilities, to inform program design and commission policy with respect to electric vehicles". Xcel's proposal for bridge funding does not include any new reporting requirements, so the pilot programs would continue to report on an annual and quarterly basis on the metrics previously approved by the Commission.[81]

[77] *Id.*, Attachment E at 1.
[78] 2023 EV Annual Report at 25.
[79] 2023 EV Annual Report at 28.
[80] *Ibid.*
[81] July 17, 2019 Order in Docket No. E002/M-18-643 at Orders Points 17-19.

However, Xcel has discussed its operational and data availability issues with its EV pilots, including the Fleet EV and Public Charging Pilots, in its June 6, 2023 EV Annual Report[82] and its EV Supplement. Of the 13 active Fleet EV sites, Xcel indicated 11 sites were impacted and unable to provide revenue information, while 2 of the impacted sites could report limited charging data.[83] In the Public Charging Pilot, all 60 active sites were impacted, so Xcel was unable to report revenue information but did provide limited charging data for some portion of the reporting period for 50 sites.[84] Each of the pilot projects has been severely hampered by data collection issues that limit the ability of Xcel and the Commission to inform program design and policy with respect to electric vehicles. Additional data collection from the active and in-process projects in each of the pilots will be critical to generate the learnings necessary to make a determination regarding the next steps in regards to the pilots.

ix. Minn. Stat. § 216B.1615, Subd. 3(9)

Minn. Stat. § 216B.1615, Subd. 3(9) requires Commission consideration of whether the TEP proposals are reasonably expected to "reasonably balance the benefits of ratepayer funded investments in transportation electrification and impacts on utility rates".

To analyze the balance between ratepayer funded investments and impacts on utility rates in Xcel's proposed bridge funding, it is helpful to clearly identify the current status of spending on the Fleet EV Service Pilot and Public Charging Pilot. Xcel received approval for both pilots in the Commission's July 17, 2019 Order in Docket No. E002/M-18-643 (July 17, 2019 Order). The approved budget for the Fleet EV Service Pilot was $14.395 million, including $11.260 million for capital and $3.135 million for O&M expenses.[85] The approved budget for the Public Charging Pilot was $9.201 million, including $7.8 million for capital and $1.401 million for O&M expenses.[86] The total combined budget for the two pilots, therefore, was $23.596 million.[87]

Xcel later requested and received approval for budget flexibility between the two pilots, as well as an extension of the enrollment periods. The Commission's December 5, 2022 Order in Docket No. E002/M-18-643 (December 5, 2022 Order) granted Xcel the ability to reallocate Fleet EV Service Pilot funds to the Public Charging Pilot but also required Xcel to reserve enough of the remaining budget to provide funding for all Fleet EV Service Pilot applications in process.[88] The enrollment periods were

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[82] *Compliance—Annual Report, Electric Vehicle (EV) Charging Tariffs, Programs, and Pilots, Northern States Power Company dba Xcel Energy, Docket Nos. E002/M-15-111, E002/M-17-817, E002/M-18-643, E002/M-19-186, E002/M-19-559, E002/M-20-711, E002/M-20-745, E002/M-21-101* (June 6, 2023). *Hereinafter*, June 6, 2023 EV Annual Report.
[83] EV Supplement at 13.
[84] EV Supplement at 17.
[85] July 17, 2019 Order at 5.
[86] July 17, 2019 Order at 6.
[87] $14.395 million + $9.201 million = $23.596 million.
[88] *Order, In the Matter of Xcel Energy's Petition for Approval of Electric Vehicle Pilot Programs, Docket No. E002/M-18-643* (December 5, 2022), Order Point 3. *Hereinafter* December 5, 2022 Order.

extended for the Fleet EV Service Pilot until January 31, 2024 and for the Public Charging Pilot until May 31, 2024.[89]

Xcel also received approval for an incremental budget increase of $0.75 million for the Public Charging Pilot in the August 23, 2023 Order at Order Point 6. Including this recently approved incremental budget, the total combined budget of the two pilots is $24.346 million.[90]

Xcel identified the costs incurred to date and the current forecast for spending on each pilot in its 2023 EV Annual Report and its EV Supplement.[91] Xcel has spent $3.5 million, including $2.4 million on capital, on its Fleet EV Service Pilot, and it forecasts total capital spend of $4.5 million.[92] Xcel has spent $7.6 million, including $6.8 million on capital, [93] on its Public Charging Pilot, and it forecasts total capital spend of $14.560 million.[94]

Combined across the two pilots, Xcel has spent approximately $11.1 million, including $9.1 million on capital, and it forecasts total capital spend of $19.060 million. Relative to the approved budget for the two pilots of $24.346 million, Xcel has yet to spend approximately $13.2 million, including approximately $9.9 million on capital, of its approved budget.[95]

The relative size of Xcel's bridge funding request should be taken in context of both the existing approved budgets and the unspent funds. Xcel's total request for bridge funding of $22.3 million would nearly double its approved budget. Importantly, the request is in addition to the approximately $13.2 million of unspent funds. The Department, therefore, questions the necessity and extent of Xcel's bridge funding request in the context of on-going pilot programs. As noted above, data collection issues have impacted these pilots, delaying the potential learnings from the active program participants. In addition, additional projects in the design and construction phase, for which the company has sufficient funding to execute, will only be able to generate data and inform pilot learnings once the projects become active. Xcel provided evaluations of its pilots as part of its 2023 EV Annual Report,[96] but significant data collection and pilot learnings are still in progress *for the projects already funded*. Additional projects to gather additional data in a pilot program may be desirable, but this should be balanced with the intended, limited scope of a pilot to develop learnings and inform future program offerings.

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[89] December 5, 2022 Order at Order Points 1 and 2.
[90] $23.596 million + $0.75 million = $24.346 million.
[91] *Compliance—Annual Report—Supplement, Electric Vehicle (EV) Charging Tariffs, Programs, and Pilots, Northern States Power Company dba Xcel Energy, Docket Nos. E002/M-15-111, E002/M-17-817, E002/M-18-643, E002/M-19-186, E002/M-19-559, E002/M-20-711, E002/M-20-745, E002/M-21-101* (June 30, 2023). *Hereinafter* EV Supplement.
[92] EV Supplement at 12 and 15. Xcel notes that it has shifted $6.76 million of the Fleet EV Service Pilot's initial capital budget of $11.260 million to the Public Charging Pilot, per the approval granted in the December 5, 2022 Order.
[93] 2023 EV Annual Report at 29.
[94] EV Supplement at 18. Xcel notes that the $14.560 million includes $6.76 million shifted from the Fleet EV Service Pilot's budget, per the approval granted in the December 5, 2022 Order.
[95] $24.3 million - $11.1 million = $13.2 million total; $19.06 million - $9.1 million = $9.9 million capital.
[96] 2023 EV Annual Report, Attachment D, TRC Report.

Xcel also notes the preliminary nature of the cost estimates from which it derives its requested $22.3 million bridge funding:

> It is critical to understand that the Company's discussion of the potential for supporting more than 91 total projects with $22.3 million is a high-level, preliminary estimate at this time representing a top end of support the Company could bring to bear if all currently identified projects decide to move forward, and costs incurred are consistent with preliminary forecasts.
>
> As discussed in the Company's 2023 Annual EV Reporting, forecasting the number and scope of commercial EV projects and respective budgets is challenging due to the considerations that are known at the outset of project planning, and those that may be later uncovered as projects move through design and construction. With this $22.3 million bridge proposal, the Company has built in contingency for all 91 projects, but acknowledges that not all 46 well-scoped projects nor the remaining 45 potential projects may move forward, and a project may not move forward at the currently forecasted costs due to evolving customer preferences, decisions, timing, and unforeseen design and construction considerations that are largely outside of the Company's current knowledge and control. To be clear, the Company anticipates that some currently identified projects may not proceed at all, however, other projects are likely to materialize that would take their place through the pendency of this bridge proposal.[97]

The bridge funding request, therefore, is predicated on cost estimates for projects which may not ultimately proceed to pilot participation. It is also unknown how many projects and ports the requested funds would ultimately create. This is due to the preliminary nature of the projects and cost estimates for the 91 projects included in Xcel's Appendix H10, but it is further complicated by Xcel's requested budget flexibility to fund projects for either pilot program.

The Department provides Table 5 as a summary of Appendix H10 with project cost estimates by pilot program and project status, to illustrate the preliminary nature of many of the projects from which Xcel derives its funding request. As noted, only $3.0 million of capital costs of the requested $17.3 million are associated with projects that Xcel has categorized as ready-to-execute.

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[97] TEP at 67-68.

Department Table 5
Summary of Appendix H10

Project Status & Pilot Program	Projects	Ports	Capital ($ in millions)
Ready to Execute			
Fleet EV	1	11	$0.3
Public Charging	13	49	$2.7
Total Ready to Execute	**14**	**60**	**$3.0**
Likely			
Fleet EV	9	52	$1.2
Public Charging	23	103	$4.4
Total Likely	**32**	**155**	**$5.6**
Combined Ready to Execute & Likely			
Fleet EV	10	63	$1.5
Public Charging	36	152	$7.2
Total Ready to Execute & Likely	**46**	**215**	**$8.7**
TBD			
Fleet EV	6	69	$2.0
Public Charging	39	151	$6.6
Total TBD	**45**	**220**	**$8.6**
All			
Fleet EV	16	132	$3.5
Public Charging	75	303	$13.8
Total All	**91**	**435**	**$17.3**

As noted above, Xcel has shifted a significant portion of the approved Fleet EV pilot budget to the Public Charging Pilot. Xcel indicates that the Fleet EV pilot has only 13 projects in-service and an additional 12 projects in the design and construction phases.[98] The active projects have 50 Level 2 charging ports and 12 DCFC ports, compared to the initial pilot's target of 700 charging ports.[99]

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[98] EV Supplement at 15.
[99] EV Annual Report at 24-25.

While the Department's Table 5 above indicates that parties have expressed interest in 16 Fleet EV projects with a total of 132 charging ports, Xcel's budget proposal reflects only an additional 67 charging ports.[100] The projects Xcel identified in Appendix H10 suggest that the interest for Fleet EV pilot participation may exceed the level for which Xcel is planning with its requested budget flexibility. The proposed 15% minimum budget allocation for the Fleet EV Pilot may fail to provide adequate support for the level of interest in the program. Xcel estimated capital costs for interested Fleet EV pilot participants of $3.5 million, yet the 15% minimum budget allocation proposal would reserve only $3.3 million, including O&M expenses, for the additional Fleet EV pilot participants. While the cost estimates are preliminary, they do provide a useful comparison for the proposed minimum budget allocations. Establishing a reservation threshold may limit the opportunity for Fleet EV projects to progress toward execution, and this risk is notable in light of the limited participation in the Fleet EV pilot to date.

Budget flexibility presents trade-offs in the context of pilot programs. The ability to transfer funds to heavily utilized programs based on participant interest can be beneficial to the development of the pilot. However, transferring funds also creates challenges with program evaluation and may limit the potential opportunity to learn from the pilot as intended, as may be the case with the scaled-down version of the Fleet EV pilot program. In addition, funds may be transferred uneconomically from one pilot to another.

Xcel's request for additional funding for the Fleet EV and Public Charging Pilots is framed as a benefit for the parties who have expressed interest in pilot participation, but Xcel has not provided a clear explanation of the need for additional funding to further pilot learnings to meet the objectives of the pilot and what value the additional funds will provide. The Department requests that Xcel provide in Reply Comments an explanation of how the requested bridge funding will further pilot learnings and enable Xcel to meet pilot objectives.

x. *Minn. Stat. § 216B.1615, Subd. 3(10)*

Minn. Stat. § 216B.1615, Subd. 3(10) requires Commission consideration of whether the TEP proposals are reasonably expected to "appropriately balance the participation of public utilities and private enterprise in the market for transportation electrification and related services." The Fleet EV Pilot offers participants the option to purchase, install, and maintain the EVSE or to pay a monthly fee for Xcel-owned, installed, and maintained EVSE. While the pilot has a small pool of active participants at this stage, Xcel reports that only three of the 12 active sites have utilized Xcel-owned EVSE.[101] While an early indication, the relative rates of participant selection regarding EVSE-ownership provides some indication that the participation of public utilities can be balanced with a competitive EV charging market for Fleet EV customers.

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[100] TEP at 69.
[101] EV Annual Report, Attachment E at 1.

The Public Charging Pilot does not offer the same option for Xcel-owned EVSE, instead limiting Xcel-ownership to the make-ready infrastructure investments. As noted in the discussion of budget reallocation from the Fleet EV Pilot to the Public Charging Pilot based on participant interest levels, participation in the Public Charging Pilot has exceeded the levels anticipated at the time of pilot approval. The interest in the pilot program indicates that public utility participation via make-ready investments can support a competitive charging market, at least at the scale of a pilot program and as contemplated in the Commission's July 17, 2019 Order. Xcel's proposal for bridge funding, in which the requirements and limitations of the pilot programs are maintained, can be reasonably expected to maintain the balance of public utility and private market participation reflected in the pilot program participation to date.

As the Commission established in its EV Inquiry Order, pilot programs "are temporary programs that allow the utility to test new technology or policies on a smaller scale."[102] Pilot programs are intended to be limited in time and financing, and additional funding increases the risks associated with the pilot program. The Commission's parameters for pilot programs are challenged by Xcel's bridge funding proposal of $22.3 million and an extension of the enrollment periods through 2025.

The Department notes that Xcel has proposed bridge funding for the Fleet EV and Public Charging Pilots, but Xcel has also indicated it is collecting data and learnings from completed projects to inform a potential future proposal for a permanent program in 2024.[103] As noted above, Xcel's data collection issues have limited the opportunity to generate learnings from pilot participants thus far, but Xcel indicates it has corrected these issues and is collecting data from active projects. In addition, Xcel has significant unspent funds to execute the projects currently in the design and construction phases, which will provide additional opportunity for data collection.

If Xcel believes it has had sufficient opportunity for data collection to fully evaluate the pilot programs and propose a permanent offering in 2024, then the necessity of bridge funding is questionable. If the pilots need the additional participants the bridge funding would provide to collect additional data to meet certain pilot objectives, then Xcel should identify what it expects to learn from the projects resulting from bridge funding and what value the additional funds are expected to provide. The Department requests that Xcel provide this information in Reply Comments to better evaluate its bridge funding proposal. Absent this information and an opportunity to evaluate Xcel's explanation, the Department does not make a recommendation regarding Xcel's Fleet EV and Public Charging Pilot budget expansion at this time.

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[102] EV Inquiry Order at 9.
[103] TEP at 66.

3. *Please address whether the Commission should place a cost cap on the expanded budget.*

As noted above, the Department has significant reservations regarding the amount and timing of Xcel's expanded budget request. Xcel's request for an additional $22.3 million is based on project cost estimates for projects which Xcel acknowledges may not proceed to pilot participation.[104] Xcel also notes the challenges associated with forecasting Commercial EV project budgets, yet it is relying on such early estimates to generate its request for an expanded budget. As identified in Department Table 5 above summarizing Appendix H10, Xcel identifies only 14 projects as ready-to-execute with total estimated capital costs of $3.0 million. Even among these 14 projects, however, the customer applications and agreements date as far back as March 2023.[105] The remaining projects Xcel relied upon to generate its budget request are earlier in the project development process, creating additional risks due to the uncertainty of the cost estimates underlying the budget request.

As noted above, the Department has not made a recommendation regarding Xcel's proposed budget expansion at this time. However, the Department suggests that any expanded budget be limited to projects which are far enough along in the development process to provide a reasonable understanding of the project and charging ports funded and estimated costs. As presented, Xcel is requesting funding for undefined projects without a reasonable understanding of outcomes. Xcel should present projects for approval for which it can be reasonably held accountable.

4. *Please address whether the Commission should approve the Application Review and Scoring Framework.*

Xcel proposes a Commercial EV Pilot Application Review and Scoring framework, included as Appendix H11 in its TEP filing, which it previously proposed in Docket No. E002/M-22-432. Xcel proposes utilizing the framework to score project applications across three scoring categories:

- Project scope, 45% of points allotted;
- Customer and project readiness, 20% of points allotted;
- Equity and accessibility, 35% of points allotted.

Each application is evaluated on a scoring framework with 300 total points available, and projects that score 66% or higher would qualify to participate and proceed to the design and construction phase.[106]

As noted above, the Department has not made a recommendation regarding Xcel's proposed budget expansion at this time. However, the Department supports Xcel's use of a standardized review framework for pilot applications, as this can better enable Xcel to evaluate potential projects with established criteria approved by the Commission. Xcel also notes that it sought and received

[104] TEP at 67-68.
[105] TEP Appendix H10.
[106] TEP at 68.

stakeholder input on its proposal, and Xcel refined the framework based on stakeholder feedback.[107] If the Commission approves Xcel's proposed budget expansion, the Department recommends approval of the Application Review and Scoring Framework.

5. *Please address whether the Commission should address any other issues or concerns.*

The Department has no other issues or concerns related to this matter at this time.

I. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED EXPANSION TO ITS RESIDENTIAL ADVISORY SERVICES?

1. *Xcel Proposal*

Xcel proposes to expand offerings within its existing Residential Advisory Services program, with the stated goal "to inform customers and the public about the benefits of owning an EV and our EV-related rates and programs."[108] Xcel's existing Residential Advisory Services consist of three service elements, each of which would be expanded by the Company proposal: Education and Awareness, EV Advisor Online Tool, and Trade Ally Engagement. Xcel couches portions of this proposal as a response to a Commission Order for the Company to put forward "other non-infrastructure related pilots or programs that increase EV deployment, especially in disadvantaged communities."[109] Xcel provides a summary of its budget request for expanded offerings, provided below:

Department Table 6: Xcel's Table 12[110]
Residential Advisory Services Budget
($ in Millions)

	2024	2025	2026	2027	Total
<u>O&M Costs</u>					
Education & Awareness	$0.7	$0.9	$1.1	$1.1	**$3.8**
EV Advisor Online Tool	$0.1	$0.1	$0.1	$0.1	**$0.4**
Trade Allies	$0.4	$0.7	$0.7	$0.8	**$2.6**
Total Annual O&M	**$1.2**	**$1.7**	**$1.9**	**$2.0**	**$6.8**

"With additional funding for Education and Awareness activities," Xcel proposes to enlarge its sponsorship of and event campaigns with HOURCAR to promote the Evie Carshare service, which it asserts will "help lower HOURCAR's costs, and thus, Evie Carshare pricing for low-income customers, generating greater awareness and access to electric transportation for disadvantaged communities."[111]

[107] TEP Appendix H11 at 1.
[108] TEP at 17.
[109] TEP at 70, citing August 23, 2023 Order at Order Point 4.C.
[110] TEP Table 12 at 70. Footnote in original omitted.
[111] TEP at 70-1.

The Company expects to spend $70,000 annually within the Residential Advisory Education and Awareness budget on HOURCAR-specific outreach, which is subject to change pending any changes in "equity outreach strategy."[112]

With its proposed expanded budget, Xcel proposes to expand the available language translations of the EV Advisor Online Tool to include Hmong and Somali, which Xcel notes will allow it to support the top three non-English languages in Minnesota, along with its already available Spanish version, in its service territory.

In the Trade Ally Engagement service element, Xcel proposes to expand its existing engagement efforts with auto dealerships and electricians with a specific focus on increasing awareness of managed charging programs and supporting the proposed Home Wiring Rebate Program. The Company forecasts the portion of the O&M expenses attributable to the Home Wiring Program as "up to $125,000 in the first year and subsequent years dependent upon replenishment needs for printed handouts and other physical assets."[113]

2. Statutory and Order Criteria

The Department calls attention to the specific public interest considerations laid out in statute that most directly pertain to the expanded offerings in Xcel's Residential Advisory Services program, in addition to the Commission Order noted by Xcel. Minn. Stat. § 216B.1615, Subd. 3(2) requires Commission consideration of whether the TEP proposals are reasonably expected to "increase access to the use of electricity as a transportation fuel for all customers, including those in low- and moderate-income communities, rural communities, and communities most affected by air emissions from the transportation sector." Minn. Stat. § 216B.1615, Subd. 3(7) requires Commission consideration of whether the TEP proposals are reasonably expected to "educate the public about the benefits of electric vehicles and related infrastructure." Order Point 4.C of the Order Accepting Withdrawal of Clean Transportation Portfolio Subject to Conditions requires a proposal focus on "other non-infrastructure related pilots or programs that increase EV deployment, especially in disadvantaged communities."

The Department has reviewed the Company's Residential Advisory Services proposals and largely concludes that the expansion of these programs meets these requirements, with some reservations.

The data the Company cites that demonstrates a significant proportion of Evie Carshare usage by BIPOC users and low-income users is notable, and the Department would like the Company to further describe the "great opportunity to work with HOURCAR to increase those utilization rates." [114] The Department suggests that the Company target HOURCAR Evie Carshare programming toward both census blocks identified as DIC by the Justice40 Initiative and its customers that have enrolled in income-qualified programs. The Department notes that in its discussion of additional funding for

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[112] Attachment A, Xcel Response to Information Request 3.
[113] Attachment A, Xcel Response to Information Request 4. *See also,* TEP Appendix H, Table 12, at 70.
[114] TEP at 71.

Education and Awareness activities, Xcel focused solely on activities related to HOURCAR. However, Xcel estimates approximately $70,000 per year on these activities, which is a small share of the total proposed increase for Education and Awareness activities, as noted above in Department Table 6. The Department requests that Xcel specify in its Reply Comments how the remaining portion of Xcel's proposal for increased funding for Education and Awareness will be utilized.

The Department appreciates Xcel's proposal to expand the Advisor Tool into additional languages and supports approval of the associated costs, as it aligns with statutory and ordered criteria and can improve Xcel's ability to support a broader customer population with the EV transition.

The Department notes that additional funding for Residential Advisory Services associated with other TEP proposals should be aligned with the Commission's decisions regarding the underlying proposals, specifically the Home Wiring Rebate proposal. The Department is concerned whether—and how much—expanded funding toward Trade Ally engagement is warranted depending on the Commission's decision regarding the Home Wiring Rebate program.

Xcel notes that its Trade Ally engagement proposal includes additional support for its auto dealership program due to the relationship between the program and enrollment in managed charging programs. The Department appreciates Xcel's focus on enrollment in managed charging programs as a means to ensure that transportation electrification serves the public interest in the manner outlined in the Commission's EV Inquiry Order.

Lastly, the Department requests that the Commission order the Company provide information in its EV Annual Reports on the use of any approved additional funding for Residential Advisory Services to provide appropriate visibility regarding the use and effectiveness of additional funding.

J. SHOULD THE COMMISSION APPROVE, MODIFY, OR REJECT XCEL'S PROPOSED INVESTMENTS IN IT DEVELOPMENT AND MAINTENANCE TO SUPPORT ITS TEP?

The Company proposes to expend costs for information technology (IT) development and maintenance to support the programs included in its TEP. The proposed costs include both capital expenditures and O&M expenses, as shown below.

Department Table 7: Xcel's Table 13[115]
Budget for Information Technology ($ in Millions)

	2024	2025	2026	2027	Total
O&M Costs					
Total Annual O&M	**$0.2**	**$0.3**	**$0.1**	**$0.2**	**$0.9**
Capital Costs					
Total Annual Capital	**$0.7**	**$1.2**	**$0.2**	**$0.3**	**$2.4**

[115] TEP Table 13 at 72. Footnote in original omitted.

Xcel identifies IT spend across four project categories: Customer Enrollment Journeys, Charger and Charging Management Solutions, System Integration, and Data Insights and Reporting. The Department requested Xcel provide its planned budget with detail for each of the project categories, to which Xcel provided the following response:

> The budgeted O&M amounts identified for information technology (IT) needs are intended to support the identified programs as a portfolio. The budget is based on the historic cost for a dedicated, portfolio-level clean transportation IT effort. As such, the Company does not currently have an estimate of the needed IT costs for each project category. After approval by the Commission, program managers will work with IT resources to define specific program-level requirements, prioritize, and implement technology solutions. This process will use criteria such as customer impact and development level of effort, that fit within the overall proposed budget.[116]

The Department highlights this response to emphasize the integrated nature of Xcel's IT proposal with its overall TEP portfolio, as well as the uncertainty regarding the specific IT projects the funding is likely to support.

As Xcel notes, the proposed IT funding supports its overall TEP portfolio, which includes new proposals and program expansions which may be approved, modified, or rejected by the Commission. The Department notes that Xcel indicated a portion of its proposed IT funding is to facilitate V2G demonstrations and estimated annual capital costs associated with this project of $42,460.[117] The Department believes additional funding for IT associated with other TEP proposals should be aligned with the Commission's decisions regarding the underlying proposals, specifically the School Bus Demonstration Project. The Department is concerned whether—and how much—IT funding toward V2G demonstrations is warranted depending on the Commission's decision regarding the School Bus Demonstration Project.

The Department recommends that the Commission order the Company provide information in its EV Annual Reports on the use of any approved IT funding, including the specific projects identified for future implementation and those already implemented, to provide appropriate visibility regarding the use and effectiveness of IT funding.

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[116] Attachment A, Xcel Response to Information Request 5.
[117] *Ibid.*

K. SHOULD THE COMMISSION APPROVE XCEL'S REQUEST TO ESTABLISH A REGULATORY ASSET FOR ITS HOME WIRING REBATES AND V2G ELECTRIC VEHICLE SUPPLY EQUIPMENT (EVSE) REBATES AND SET THE RATE OF RETURN AT THE COMPANY'S WEIGHTED AVERAGE COST OF CAPITAL (WACC)?

The Department addressed our concerns with establishing a regulatory asset for its Home Writing Rebates in Section F of these Comments, above.

The Department addressed our concerns with establishing a regulatory asset for its V2G EVSE Rebates for School Buses in Section G of these comments, above.

In both cases, the Department opposes the recovery of expenses as capital costs at the Company's WACC.

L. SHOULD THE COMMISSION APPROVE XCEL'S PROPOSED TARIFF CHANGES AS OUTLINED IN APPENDIX H, PP. 79-80 AND ATTACHMENTS H6 AND H13, WHICH INCLUDES THE WAIVER OF COST-SHARING REQUIREMENTS FOR EV RATE CUSTOMERS?

As noted above in response to Notice Topics 5.A. and 5.B., the Department recommends the Commission approve the updated tariff sheets in Section No. 5 included in Appendix H6 but requests that Xcel provide a revised version of Appendix H6 to reflect recently approved modifications to Section No. 7. The Department also suggests that Xcel should explain any additional proposed modifications to its tariff sheets that are beyond the scope of the program modifications for the EV Subscription Service explicitly referenced in TEP Section III.A.

The Department has reviewed Xcel's updated tariff sheets included in Appendix H13 and notes that Xcel has filed redlines relative to previous versions of the relevant pages, specifically for tariff sheets in Section No. 5. However, Xcel had proposed modifications to relevant pages of its tariff sheets and received Commission approval for the modifications on October 31, 2023 in Docket No. E002/M-19-559. Xcel's proposed changes in Appendix H13 filed with its TEP do not reflect these recently approved modifications.

To ensure updated versions of Xcel's tariff sheets are appropriately reflected in the versions considered by the Commission in this proceeding, the Department recommends Xcel file a revised version of Appendix H13 using the recently approved version of its tariff sheets from October 31, 2023 as the baseline for its redlines.

M. ARE THERE OTHER ISSUES OR CONCERNS RELATED TO THIS MATTER?

The Department has no other issues or concerns related to this matter at this time.

III. DEPARTMENT RECOMMENDATIONS

The Department makes the following recommendations in response to the Commission's November 17, 2023 Notice Topics:

1. The Department recommends the Commission approve in part, modify in part, and reject in part, as outlined in response to the specific Notice Topics below.
2. The Department makes no recommendation at this time.
3. The Department makes no recommendation as to procedural or filing requirements at this time.
4. The Department identifies gaps in Xcel's evaluation of its proposals to target specific customer populations.
5. The Department recommends the Commission approve Xcel's proposed expansion plan for the current EV Subscription Service Pilot with modifications.
    a. The Department recommends the Commission approve the updated tariff sheets in Section No. 5 of Xcel's Electric Rate Book.
    b. The Department recommends Xcel file a revised version of Appendix H6 using the previously approved version of tariff sheets and CSA approved October 31, 2023 as the baseline for its updates. In addition, Xcel should explain any additional modifications beyond the scope of the program modifications explicitly referenced in TEP Section III.A.
    c. The Department recommends the Commission modify Xcel's proposed accounting treatment.
    d. The Department recommends the Commission grant Xcel a waiver for Minn. R. 7820.3200, .3400, .3700, and .3800, and for Section 3 of Xcel's Electric Rate Book Section 6 tariff.
    e. The Department recommends the Commission approve the proposed reporting requirements and require a quarterly compliance filing to notify the Commission if the difference between program costs and revenues is greater than 15%.
    f. The Department has no other issues or concerns.
6. The Department does not recommend approval or rejection of the Company's proposed Home Wiring Rebate program at this time.
    a. The Department recommends the Commission reject the proposed accounting treatment.
    b. The Department recommends the Commission approve the proposed reporting requirements with a modification for the eligibility standard approved for the Enhanced rebate.
    c. The Department recommends the Commission require Xcel to file tariff pages, including the Customer Service Terms and Conditions, for the proposed Home Wiring Rebate Program, if the program is approved.
    d. The Department has concerns with harmonization of eligibility requirements between this proposed rebate program and similar rebate programs to be offered through the Department and other state agencies.

7. The Department recommends the Commission modify Xcel's proposed Electric School Bus Demonstration.
    a. The Department recommends the Commission require Xcel to follow MN DIP for school bus interconnections.
    b. The Department recommends the Commission reject the proposed accounting treatment for the V2G EVSE, but approve other accounting treatments.
    c. The Department recommends the Commission approve the proposed reporting requirements with modifications for additional reporting requirements.
    d. The Department recommends the Commission require Xcel to file updated tariff pages and Vehicle-to-Grid (V2G) addendum to the Fleet EV Service Pilot for the proposed Electric School Bus Demonstration, if the program is approved.
    e. The Department has no other issues or concerns.
8. The Department requests that Xcel provide additional information in its Reply Comments prior to making a recommendation regarding the budget expansion for the Fleet EV Service and Public Charging Pilots.
    a. The Department has not made a recommendation regarding a specific cost cap on the expanded budget.
    b. The Department recommends the Commission approve the Application Review and Scoring Framework, if the proposed budget expansion is approved.
    c. The Department has no other issues or concerns.
9. The Department recommends the Commission modify Xcel's proposed expansion to its Residential Advisory Services to be consistent with the specific TEP proposals approved, including costs attributable to the Home Wiring Program. The Department also recommends the Commission require Xcel to provide information in its EV Annual Reports on the use of any approved Residential Advisory Services funding.
10. The Department recommends the Commission modify Xcel's proposed investments in IT development and maintenance to support its TEP to be consistent with the specific TEP proposals approved, including IT investments related to the School Bus Demonstration Project. The Department also recommends the Commission require Xcel to provide information in its EV Annual Reports on the use of any approved IT funding.
11. The Department recommends the Commission reject Xcel's request to establish a regulatory asset for its Home Wiring Rebates and V2G Electric Vehicle Supply Equipment (EVSE) rebates and set the rate of return at the Company's weighted average cost of capital (WACC).
12. The Department recommends the Commission approve Xcel's proposed tariff changes in Section No. 5 of Xcel's Electric Rate Book included in Attachment H6. The Department requests Xcel submit revised versions of Appendix H6 and Appendix H13 to reflect the approved modifications of October 31, 2023 in Docket No. E002/M-19-559.
13. The Department has no other issues or concerns at this time.

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Xcel Energy		Information Request No.	1
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Please provide the Department a copy of Xcel's past, present, and future responses to other parties' information requests in this proceeding.

Response:
To date, the only information request (IR) response submitted in this docket was to Fresh Energy. We provide our response to Fresh Energy IR No. 1 as Attachment A to this response. The Company will include the Department on all IR submissions in this docket moving forward.

Preparer:	Mustafa Adam
Title:	Case Specialist
Department:	NSPM Regulatory
Telephone:	715-531-5490
Date:	December 11, 2023

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Xcel Energy		Information Request No.	2
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Topic: TEP Cost-Benefit Analysis
Reference(s): 2023 IDP, Appendix H12

In Xcel's TEP Cost-Benefit Analysis submitted as a live Excel file in Appendix H12, please explain Xcel's treatment of TEP Program Costs in its Net Benefit (Cost) calculation, including:

a. The formulas for Benefits (row 48) and Costs (row 49) exclude the CapEx Revenue Requirements (row 9). Please explain why row 9 should be excluded from the cost-benefit analysis. Alternatively, recalculate the cost-benefit analysis by including the CapEx Revenue Requirements.

b. O&M Revenue Requirements (row 40) are reflected as benefits rather than costs. Please explain why O&M Revenue Requirements are a benefit rather than a cost. Alternatively, recalculate the cost-benefit analysis by including the O&M Revenue Requirements as a cost rather than a benefit.

Response:

a and b. The Benefits and Costs total formulas should include the CapEx Revenue requirements. This amount was excluded inadvertently. Additionally, the O&M revenue requirements should be treated as costs and have been updated to reflect this. Finally, the CapEx Revenue requirements include rebates for Home Wiring and School Bus Electrification, which should be treated as benefits in the Participant test and the Societal test. The rebates should be treated as a benefit and a cost in the Societal test, as the rebate payments to customers act as a pass through in the Societal test and need to be accounted for in both places.

Please see Attachment A to this response for an updated version of the cost-benefit analysis (CBA) with the inclusion of the corrections mentioned above. Please note that the Company will submit this updated CBA as an erratum in the official record on eDockets.

Preparer: Karl Shlanta
Title: DSM Technical Policy Specialist
Department: Program Policy and Strategy
Telephone: 612-330-6346
Date: December 11, 2023

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Xcel Energy		Information Request No.	3
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Topic: TEP Expanded Residential Advisory Services
Reference(s): 2023 IDP, Appendix H, Section III.E.

In Xcel's proposed expanded Residential Advisory Services budget, Xcel identifies additional funding for Education and Awareness activities for use with programs associated with HOURCAR. Please identify the annual O&M Costs related to Education and Awareness activities associated with HOURCAR that are included in Table 12 of Appendix H.

Response:

The Company estimates a spend of approximately $70,000 per year on education and awareness activities related to HOURCAR's EV program participation, which is included in the larger Residential Advisory Education and Awareness budget. This estimated spend could change based on equity outreach strategy. Our estimate is based on previous spend for a sponsorship agreement with HOURCAR.

Preparer:	Taylor Tuomie
Title:	Assoc Product Portfolio Manager
Department:	Customer Solutions & Innovation
Telephone:	800-895-4999
Date:	December 11, 2023

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Xcel Energy		Information Request No.	4
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Topic: TEP Expanded Residential Advisory Services
Reference(s): 2023 IDP, Appendix H, Section III.E.

In Xcel's proposed expanded Residential Advisory Services budget, Xcel identifies additional funding for Trade Ally Engagement for use on additional resources and tools for local electricians related to the proposed Home Wiring Rebate program. Please identify the annual O&M Costs related to Trade Allies associated with the Home Wiring Rebate program that are included in Table 12 of Appendix H.

Response:

If the proposed Home Wiring Rebate is approved, the Company will develop both digital and physical assets that explain the benefits of the rebate program and how to apply for it. The assets can include but are not limited to a webpage, including the rebate in the Home Charging Advisor tool on ev.xcelenergy.com, brochures, and other printed handouts. These assets may also be used by our partner electricians and the EV Network vehicle dealerships we work with.

Frontloaded development and printing costs are estimated at up to $125,000 in the first year and subsequent years dependent upon replenishment needs for printed handouts and other physical assets.

Preparer: Taylor Tuomie
Title: Associate Product Portfolio Manager
Department: Customer Solutions & Innovation
Telephone: 800-895-4999
Date: December 11, 2023

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Xcel Energy		Information Request No.	5
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Topic: TEP Information Technology Additional Spending
Reference(s): 2023 IDP, Appendix H, Section III.F.

In Xcel's proposed additional spending for IT to support programs included in the TEP, Xcel provides Table 13 as a summary of its planned budget.

a. Please identify the annual O&M Costs and Capital Costs for each of the project categories provided by Xcel: Customer Enrollment Journeys, Charger and Charging Management Solutions, System Integrations, and Data Insights and Reporting.

b. Please identify the annual O&M Costs and Capital Costs associated with V2G demonstrations included in Xcel's planned budget in Table 13.

Response:

a. The budgeted O&M amounts identified for information technology (IT) needs are intended to support the identified programs as a portfolio. The budget is based on the historic cost for a dedicated, portfolio-level clean transportation IT effort. As such, the Company does not currently have an estimate of the needed IT costs for each project category. After approval by the Commission, program managers will work with IT resources to define specific program-level requirements, prioritize, and implement technology solutions. This process will use criteria such as customer impact and development level of effort, that fit within the overall proposed budget.

b. IT annual capital costs associated with the V2G demonstrations are estimated to be $42,460. There is no assumed IT O&M cost.

Preparer: Ryan Austin
Title: Senior Product Developer

Department: Customers Solutions & Innovation
Telephone: 800-895-4999
Date: December 11, 2023

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Xcel Energy		Information Request No.	6
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

<u>Question:</u>
Topic: TEP EV Portfolio Bill Impacts
Reference(s): 2023 IDP, Appendix H, Section IV.C.

Xcel provides a bill impact analysis of its EV portfolio as Table 17 of Appendix H. Please provide the estimated bill impacts of the TEP, broken down by program proposal, for each customer class, to comply with Order Point 5.C. of the Commission's August 23, 2023 Order in Docket No. E002/M-22-432.

<u>Response:</u>

Please see Attachment A to this response.

Preparer:	Nick Paluck
Title:	Manager, Regulatory Analysis
Department:	Regulatory Analysis
Telephone:	612.330.2905
Date:	December 11, 2023

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Xcel Energy		Information Request No.	7
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	November 30, 2023		

Question:
Topic: TEP Home Wiring Rebate Program
Reference(s): 2023 IDP, Appendix H, Section III.B.

Xcel provides participation and budget estimates for the Home Wiring Rebate Program in Appendix H, Section III.B.5 and indicates "44% of the rebate-specific budget will be used to administer Enhanced rebates". Please provide the underlying calculations for this figure.

Where applicable, for any and all parts above, please provide the requested data in a Microsoft Excel executable format with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this explicit information has already been provided in the petition filing, or in response to an earlier information request (IR), please identify the specific filing cite(s) or IR number(s).

Response:

The estimate of the percentage of the budget needed for Enhanced Rebates is based on an estimate of the percentage of census tracts within our service territory that lie within a census block designated as a Disproportionately Impacted Community (DIC) or Environmental Justice Area (EJ Area) and that percentage is then applied to the Enhanced Rebate participation forecast.

To calculate the percentage, a list of census blocks designated as EJ Areas by the Minnesota Pollution Control Agency (MPCA) was provided by the MPCA, and a list of census blocks designated as DICs was downloaded from the Federal Council on

Environmental Quality's Climate and Economic Justice Screening Tool. The Company assessed whether each census block within its service territory was designated as an EJ Area or DIC and totaled the number of eligible residential premises across its service territory to find the total number of residential customers eligible for the Enhanced Rebate. This calculation can be found in Attachment A. Within the attachment, the following acronyms relevant to the calculation will be found:

- DIC (Disproportionately Impacted Community) is a designation from the federal Council on Environmental Quality (CEQ). The CEQ designates a census block as DIC "if it is in a census tract that is (1) at or above the threshold for one or more environmental, climate, or other burdens, and (2) at or above the threshold for an associated socioeconomic burden."[1]
- EJ Area (Environmental Justice Area) is a designation from the Minnesota Pollution Control Agency. The MPCA "considers tribal areas and census tracts with higher concentrations of low income residents, people of color, or limited English proficiency as areas of increased concern for environmental justice."[2]
- Status200x: Within EJ Area designation criteria, this denotes that the census block meets EJ Area criteria that at least 35 percent of residents reported income less than 200 percent of the federal poverty level.
- Statuspoc: Within EJ Area designation criteria, this denotes that the census block meets EJ Area criteria that 40 percent or more of residents identify as people of color.
- Statuslep: Within EJ Area designation criteria, this denotes that the census block meets EJ Area criteria that at least 40 percent of residents within the census block have limited English proficiency.

Preparer:	Ryan Austin
Title:	Senior Product Developer
Department:	Customers Solutions & Innovation
Telephone:	800-895-4999
Date:	December 11, 2023

[1] Explore the map - Climate & Economic Justice Screening Tool (geoplatform.gov)
[2] Understanding environmental justice in Minnesota (arcgis.com)

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Xcel Energy	Information Request No.	8
Docket No.:	E002/M-23-452	
Response To:	Minnesota Department of Commerce	
Requestor:	Daniel Tikk, Peter Teigland	
Date Received:	December 1, 2023	

Question:
Topic: TEP EV Subscription Service Pilot Expansion
Reference(s): Appendix H, Section III.A.

In Xcel's TEP, Appendix H, Section III., Table 8, Xcel forecasts 2,040 participants in its EVAAH-Subscription program in 2027. In Section III.A.6., Xcel discusses program participation for its EVAAH-Subscription program and states "we are forecasting upwards of 3,500 participants by 2027". Please explain the distinction between these two figures and provide Xcel's underlying forecast assumptions and calculations for the annual program participants.

Response:

The participation forecast in Table 8, which shows 2,040 incremental EVAAH Subscription participants in 2027 is correct. The participation forecast of 3,500 participants found within Section III.A.6 is incorrect.

To calculate participation forecasts for the EVAAH Subscription offering, the Company used the Guidehouse forecast of charging needs, discussed in Appendix H, p.32. An annual participation rate for EVAAH Subscription was applied to the annual incremental adoption of individually owned, electric light-duty vehicles within NSPM service territory. The participation forecast calculation is outlined in the table below.

	2024	2025	2026	2027	Total
Individually-owned LDV Adoption	15,121	13,519	17,292	20,397	66,329
Subscription Participation Rate	4%	8%	8%	10%	
Total Participation	**605**	**1,082**	**1,383**	**2,040**	**5,109**

Preparer:	Ryan Austin
Title:	Senior Product Developer

Department: Customers Solutions & Innovation
Telephone: 800-895-4999
Date: December 11, 2023

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Xcel Energy		Information Request No.	9
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	December 1, 2023		

Question:
Topic: TEP EV Subscription Service Pilot Expansion
Reference(s): Appendix H, Section III.A.

Please identify whether Xcel is requesting continuation of variances for Minn. Rules 7820.3200, 7820.3400, 7820.3700, 7820.3800 and continuation of a waiver to relevant portions of Section 3 of Xcel's Electric Rate Book Section 6 tariff, previously granted by the Commission in its October 7, 2019 Order in Docket No. E002/M-19-186. If so, identify the relevant portions of Xcel's filing that addresses these requests. If not, explain why Xcel is not making these requests.

Response:

As proposed, the permanent subscription service program will functionally operate in the same manner as the pilot did, and as such, the Company anticipates that the variances of Minn. Rules 7820.3200, 7820.3400, 7820.3700, and 7820.3800 and continuation of a waiver to portions of Section 3 of its Electric Rate Book Section 6 tariff (Metering and Billing) will be needed for the permanent program. The Company inadvertently did not note that the Company would like these variances to continue for the permanent program in our Transportation Electrification Plan for the same reasons given in the subscription service pilot and will reiterate the needed variances in our upcoming Reply Comments.

Preparer:	Brandon Kirschner
Title:	Regulatory Policy Specialist
Department:	NSPM Regulatory
Telephone:	612-215-5361
Date:	December 11, 2023

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Xcel Energy		Information Request No.	10
Docket No.:	E002/M-23-452		
Response To:	Minnesota Department of Commerce		
Requestor:	Daniel Tikk, Peter Teigland		
Date Received:	December 1, 2023		

Question:
Topic: TEP Electric School Bus Demonstration
Reference(s): Appendix H, Section III.C.

In Xcel's TEP, Appendix H, Section III.C.4., Table 10, Xcel provides a forecast of annual O&M Costs for 2024 through 2027 totaling $0.8M over four years. Please provide:

a. The underlying forecast assumptions and calculations that comprise the total O&M Costs reflected in the table.
b. A comparison of the forecasted O&M Costs included in Table 10 and the O&M Costs included in Xcel's School Bus Pilot in Docket No. E002/M-22-432.
c. A narrative explanation for the higher forecasted O&M Costs for this demonstration project involving 2 buses, compared to the O&M Costs for Xcel's School Bus Pilot in Docket No. E002/M-22-432 involving 32 buses.

Response:
a. The underlying forecast assumptions and calculations that comprise the total O&M Costs reflected in Table 10 include:

Education and Awareness

- $250,000 assumed cost to evaluate and report on the project over a 3-year period. This assumes an average consulting rate of $250/hour and approx. 333 hours on average per year and includes: development of an evaluation and reporting process for this project across the 2 participant sites; development of the template for quantitative and qualitative data and insights; regular data collection intervals with participants; and evaluation of this information.
- $75,399 projected for the development of a white paper to synthesize the evaluation findings, both technical and qualitative, into a publicly consumable lens that helps policymakers, regulators, and stakeholders to

better understand the benefits, grid and customer value, challenges, and implications of school bus electrification in a bi-directional charging and discharging format. This cost is based on the development of a white paper for V2X that explored a feasibility study and that cost $130,000 to produce. $75,399 is based on an assumption that we can produce a second version of that paper to include updates from the MN school bus V2G demonstration, and so the costs are reduced from the white paper's original development.

Infrastructure Maintenance

- Software as a Service (SaaS) costs of $2500/year, pre-paid for 10 years at 2 sites for a total of $50,000. This assumption comes from an Original Equipment Manufacturer (OEM) School Bus manufacturer who has experience with the implementation of bi-directional capable (V2G) enabled class 8 school buses.

Program Administration

- $50,000 of project management costs per site at 2 sites for a total of $100,000. Again, this assumption comes from an OEM School Bus manufacturer.
- $350,000 of demonstration management costs, assumed at $250/hour and approximately 1,400 hours across a 3-year period. These cost assumptions are based on Xcel Energy's experience with costs for similar efforts in Xcel Energy's Colorado jurisdiction.

b. The reference table below compares Table 13 for Xcel's School Bus Pilot in Docket No. E002/M-22-432 (2022 filing) and Table 13 for Xcel's School Bus Demonstration in Docket No. E002/M-23-452 (2023 filing) to show total variance between the two filings.

Comparison of School Bus Proposal Budgets
($ in Millions)

	2024	2025	2026	2027	Total
Information from 2022 Filing					
Education and Awareness	$0.03	$0.03	$0.03	-	$0.08
Infrastructure Maintenance	$0.00	$0.02	$0.08	-	$0.09
Program Administration	$0.08	$0.08	$0.09	-	$0.2
IT	$0.1	$0.06	$0.05	-	$0.2
Total	**$0.2**	**$0.2**	**$0.2**	**-**	**$0.6**
Information from 2023 Filing					
Education and Awareness	$0.0	$0.1	$0.1	$0.2	$0.3
Infrastructure Maintenance	$0.0	$0.0	$0.0	$0.1	$0.1

	2024	2025	2026	2027	Total
Program Administration	$0.0	$0.2	$0.2	$0.2	$0.5
IT	$0.0	$0.0	$0.0	$0.0	$0.0
Total	**$0.0**	**$0.2**	**$0.2**	**$0.4**	**$0.8**
Variance					
Education and Awareness	$(0.0)	$0.1	$0.1	$0.2	$0.2
Infrastructure Maintenance	$(0.0)	$(0.0)	$(0.1)	$0.1	$(0.0)
Program Administration	$(0.1)	$0.1	$0.1	$0.2	$0.3
IT	$(0.1)	$(0.1)	$(0.1)	$0.0	$(0.2)
Total	**$(0.2)**	**$0.0**	**$0.0**	**$0.4**	**$0.2**

c. O&M costs for the 2023 filing are projected to be about $0.2 million higher than the costs projected in our 2022 filing. The primary driver of this increase is that the Company now expects to directly incur more education and awareness costs and administration costs.

The design of the Company's proposal to support school bus electrification in its 2022 filing is materially different than the proposal in the current proceeding. Both the timing of activities and the nature of the activities associated with these two proposals are different. For example, for the 2022 filing, the Company anticipated partnering with school bus fleet operators, with the requirement that school bus fleet operators would take on some of the education and awareness costs and administration costs and activities. The Company's current proposal does not assume cost sharing with school bus fleet operators.

As a result, in the 2023 filing, the Company is assuming the full costs of recruiting demonstration participants, including educating potential participants about the demonstration requirements; supporting participants in their application processes; and designing processes to collect participant information to support evaluation and reporting efforts. Unlike the 2022 filing, the 2023 filing also includes projected administration costs related to coordinating with and establishing processes to cross-coordinate efforts and funds with the Minnesota Department of Commerce's (Department) school bus electrification program. These costs were included following the Commission's August 23, 2023 Order Accepting Withdrawal of Clean Transportation Portfolio Subject to Conditions in Docket No. E002/M-22-432 requires the Company to coordinate with the Department to ensure our electric school bus efforts are consistent with their school bus electrification program in Minn. Stat. §216C.374.

The costs in the 2023 filing are partially offset by the elimination of IT costs from our O&M budget that were reflected in the 2022 filing. IT costs are anticipated to be a capital expense instead.

Preparer: Ryan Pocius
Title: Sr. Manager, Accelerate Innovation & Partnerships
Department: Customer Energy & Transportation Solutions
Telephone: 800-895-4999
Date: December 11, 2023

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Xcel Energy		Information Request No.	10
Docket No.:	E002/M-23-452		
Response To:	Office of the Attorney General		
Requestor:	Peter Scholtz		
Date Received:	December 1, 2023		

Question:
Topic: Home Wiring Rebate Program – Relationship to ECO Plan.
Reference: TEP at 52–57.

Does the Company believe that its proposed home-wiring rebate, or a variation thereof, could qualify for inclusion in a plan submitted pursuant to the ECO Act as an "efficient fuel-switching improvement?" Why or why not?

Response:

Yes, the proposed Home Wiring Rebate Program could qualify for inclusion in a plan pursuant to the ECO Act, as infrastructure supporting an efficient fuel-switching measure. That said, Minn. Stat. § 216B.1615.2.b.2.ii. directly supports the inclusion of customer incentives in a Transportation Electrification Plan (TEP) to facilitate the deployment of electric vehicle infrastructure, which the Home Wiring Rebate program does. The Company believes these rebates are a natural fit with the TEP to support electric vehicle infrastructure rather than in its ECO Triennial Plan, which primarily focuses on HVAC, building envelope, lighting, and other energy conservation measures.

Preparer:	Karl Shlanta
Title:	DSM Technical Policy Specialist
Department:	Program Policy and Strategy
Telephone:	612.330.6346
Date:	December 12, 2023

CERTIFICATE OF SERVICE

I, Nicole Westling, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket Nos. E002/M-23-452

Dated this **20th** day of **December 2023**

/s/Nicole Westling

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-452_M-23-452
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_23-452_M-23-452
Amber	Hedlund	amber.r.hedlund@xcelenergy.com	Northern States Power Company dba Xcel Energy-Elec	414 Nicollet Mall, 401-7 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_23-452_M-23-452
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_23-452_M-23-452
Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_23-452_M-23-452
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_23-452_M-23-452
Taige	Tople	Taige.D.Tople@xcelenergy.com	Northern States Power Company dba Xcel Energy-Elec	414 Nicollet Mall 401 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_23-452_M-23-452