



January 24, 2024

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

**Re: Reply Comments on the Transportation Electrification Plan (TEP) of Xcel Energy
Docket No. E002/M-23-452**

Dear Mr. Seuffert:

Summary of comments:

We would like to offer some brief comments on the Transportation Electrification Plan (TEP) that was filed with the Commission last fall. In general, we urge your support of the plan and ask that you approve the various components of the portfolio, both extension of existing programs and new programs. Also, we ask that you approve the necessary tariff changes for compliance purposes, and to allow the capitalization of rebates for home wiring and the electric school bus (ESB) charging equipment. Xcel Energy has been one of the leaders in accelerating progress in transportation electrification both with a strong utility role and sharp focus on consumers and host sites. We track many EV infrastructure programs at the state level, including utility TE Plans as well as other mechanisms with Commissions and state agencies, and believe that this plan constitutes a best practice in terms of its scope, planning and forecasting, stakeholder engagement, and cost recovery.

Background of the Alliance for Transportation Electrification (ATE)

ATE is a 501(c)(6) non-profit corporation established to advocate for an accelerated pace of clean transportation programs at the state level. We primarily engage with state public utility commissions (PUCs) in utility filings for electric vehicle programs and advancement of transportation electrification in a state. We also engage with other policymakers, such as state energy offices, state departments of transportation, environmental quality agencies, at the state and local government level to remove barriers to EV adoption and to encourage the acceleration of EV infrastructure deployment with a particular emphasis on open standards and interoperability. We currently have about 60 members, including electric utilities, auto and bus manufacturers, EV charging companies, as well as trade associations and nongovernmental organizations. Currently, we are involved in dockets or proceedings at about 30 state commissions in every region of the country.

Discussion Points

Stakeholder process: Xcel Energy has continued to develop and implement a broad and robust stakeholder process for organizations involved in transportation electrification in its service territory.

This started before the filing of the first TEP in June 2019, and has continued over the past five years. The Commission, of course, has encouraged all utilities to have such stakeholder processes since the transformation of both the transportation and utility/energy delivery industries through electrification is fundamental and wide-ranging. In fact, the Commission showed early leadership in this field by hosting workshops and proceedings in EV-related activities. Xcel Energy and other regulated utilities, through TE Plans and program/tariff filings, have responded to this encouragement with strong programs.

Leadership nationally: Minnesota has been an early leader in the nation in trying to accelerate transportation electrification, including the Commission's leadership. ATE encourages all entities in the state – state government, local government, utilities, vendors, and NGOs – to continue these efforts. As the industry continues its rapid growth, and especially for the imminent acceleration of growth in MHD (medium and heavy-duty vehicles), the utility efforts in enabling infrastructure investment will be especially important. Now is not the time to slow down. Furthermore, Minnesota will benefit from its national leadership role in attracting technology leaders, capital investment, and best practices from other jurisdictions.

Planning and load forecasting: as stated above, ATE has been involved with the development of TE Plans in many states, including engagement with utilities, vendors, econometrics firms, and others. Forecasting is one of the most important parts of this five- or ten-year planning horizon – both for the number of vehicles (mainly light-duty vehicles to date but increasingly MDH vehicles), but just as important for the incremental growth in electric load. Xcel has used Guidehouse to develop its forecasts and scenarios, and this is a common and well-respected resource in other jurisdictions. The specific forecasts in the report for DCFC ports – about 3900 ports for the mid-case and about 6900 ports for the higher (visionary case) are well supported and are consistent with what ATE is seeing elsewhere.

Budget and size of program: ATE realizes the tension between affordability issues of both residential and commercial customers, and the need for the utility to invest capital for the grid of the future. Some may argue that, at first glance, the proposed overall budgets of both five years (about \$58 million) and ten years (about \$198 million) are excessive. But we would like to share our view that these budgets are reasonable, necessary to at least spur some market development and transformation, and in fact moderate in size. We state this in the context of participating in other state proceedings, such as New York and Massachusetts most recently, which have developed more sizeable targets and budgets for TE programs. Again, we urge the Commission not to apply the brakes at this critical moment of transformation, and instead accelerate.

Strong utility role: we have argued for a strong and robust utility role in promoting TE infrastructure for several years, so our view is fairly well known before this Commission and other organizations in the EV ecosystem. Basically, our view is that market transformation of clean transportation and energy will not occur without a strong role of the regulated utility to enable infrastructure and customer adoption. So, I will not repeat all the arguments for a strong utility role across the EV ecosystem. We summarized these views in a white paper that we published last year: here in the link:

https://evtransportationalliance.org/wp-content/uploads/2023/06/Utility.role_.OO_.whitepaper.FINAL_.6.6.23.pdf

Some of the key specific roles for the utility include E&O (education and outreach activities), program development in a portfolio, rate design, interconnection and energization of charging stations, managed charging whether passive (dynamic rates) or active (technology based), planning and load forecasting, extending charging infrastructure to all customers and neighborhoods in urban and rural areas (not just middle- and upper-income areas), and so on.

Cost recovery: as we have stated before, ATE believes that you should provide for the capitalization of rebates for EVSE as part of this transformation. Other jurisdictions, such as Michigan, New York, Maryland, and others, have allowed this cost recovery treatment. Especially if the rebate model or EVSI models are prioritized in the plans and filings, instead of an own or operate or leasing model, the assets to be deployed by host sites/customers and connected to the grid become quite similar to “plant assets” under normal accounting rules for regulatory assets. Also, we urge that you do not lower the equity returns on these investments, and instead simply apply the most recently approved WACC from a recent rate case.

Bridge financing: as stated above, it is critical that the Commission continue the momentum during the next five years of the plan and make the transition from one plan to another as seamless as possible. Accordingly, it is important for Xcel to continue to operate its existing commercial EVSI pilots for fleets (eligible for government and non-profits) and for public charging. This will fill any gaps between the early pilots which were earlier approved and when Xcel and others move to greater scale with permanent programs.

Electric school bus (ESB): Xcel has proposed an innovative approach (along with utilities in other jurisdictions) to electric school buses. While modest in size at this time (basically two V2G vehicles), it will develop a good template for Xcel to scale up quickly once the state develops a more detailed ESB roadmap with programs. Allowing Xcel to own and operate the EVSE (like the existing Fleet EV Service Pilot) is a key feature of this program. This will allow Xcel to move quickly and efficiently to test the bi-directional charging capabilities of both the vehicle and EVSE, which is still in early days, and verify some of the much-discussed V2G use cases.

In summary, we urge you to give timely and favorable consideration to this TE Plan developed by Xcel Energy. It is critical to send consistent and positive messages nationally to policymakers, investors, technology leaders, and NGOs about its regulatory treatment and policies on EV adoption and electric infrastructure. This Plan is reasonably sized and modest considering the scale of the challenge ahead for Xcel and Minnesota in its move to electrify the transportation sector and assess the necessary grid upgrades. Thank you for the opportunity to provide comments.

Sincerely,

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