Alliance for Transportation Electrification

May 8, 2025

Via Electronic Filing

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

Re: Commission Inquiry into a Framework for Proactive Distribution Grid Upgrades and Cost Allocation for Xcel Energy

Docket E002/CI-24-318

Dear Mr. Seuffert,

The Alliance for Transportation Electrification ("ATE") submits these comments in response to the Minnesota Public Utilities Commission's ("the Commission") April 7, 2025 Notice of Comment Period on the Draft Proactive Distribution Upgrade Framework ("Draft Framework") in the above-referenced docket.

I. Introduction

ATE is a 501(c)(6) non-profit corporation established in early 2018 with the goal of promoting policies and regulatory measures to accelerate the pace of EV adoption and infrastructure. We take a "big tent" approach to advance the industry and focus not just on accelerating EV charging deployments—which necessarily requires a strong utility role—but also promoting public accessibility and open standards. We are presently involved in about 30 proceedings in the States before the PSCs, state energy offices, Legislatures, Governors, state DOTs and DEPs, and other agencies. The question of utilities engaging in proactive distribution grid planning and investment is an emerging topic that we are

tracking in several states, including New York, California, Colorado, Massachusetts, and Minnesota.

II. Comments

ATE submits the following in response to the Commission's questions.

1. Should the Commission establish a framework for Proactive Distribution Grid Upgrades for Xcel Energy?

ATE strongly supports the establishment of a framework for proactive distribution grid upgrades for Xcel Energy, as we do with utilities in the above-referenced states. We commend the Commission for opening this docket, which represents a best practice across the country as Commissions increasingly seek ways for utilities to speed energization timelines, accommodate new load, and support customer electrification.

ATE is keenly focused on the rising risks of the current reactive, or "just-in-time" (frequently, not-in-time), distribution grid investment approach that most utilities follow. This approach, while adequate in times of low load growth, is increasingly insufficient in an era of load growth—especially load growth from transportation electrification, which can require significant distribution grid investment and can materialize on a much shorter timeline than similar amounts of stationary electrification load.

The risks for utilities and ratepayers associated with a reactive approach include:

- Unmet customer expectations for energization timelines
- A slowed pace of electrification—resulting in lost utility revenue and a missed opportunity to put downward pressure on electric rates
- Customer technology lock-in, as customers opt for non-electric alternatives in face of lengthy energization timelines
- Potential for higher long-term costs for ratepayers due to a piecemeal distribution grid upgrade approach (as identified in research by the Environmental Defense Fund and drawing on detailed data from CenterPoint Energy and Con Edison)[1]
- Potential for missed state energy policy goals

[1] Black & Veach for Environmental Defense Fund, Proactive Grid Investment Assessment: Medium- and Heavy-Duty Vehicle Transportation Electrification. November, 2024. https://library.edf.org/AssetLink/atal4338qv8ucl8226qok35dmm170r4e.pdf

To mitigate these risks, ATE advocates that utilities engage in proactive distribution grid planning and, where appropriate, Commissions approve utility investments in distribution grid upgrades in advance of load letters from specific customers.

A hallmark of proactive utility planning is bottom-up electrification load forecasting, and a rigorous approach to knitting known or projected customer loads into existing top-down forecasts that are used in traditional IRP (Integrated Resource Plan) planning. ATE can attest that Xcel Energy has an industry-leading approach to bottom-up forecasting, including reconciling this forecast with top-down modeling, and we often cite Xcel's approach to other utilities and in dockets in other states. While no forecast will ever be 100% accurate, Xcel's rigorous approach lends credence to its process for determining where proactive distribution grid investments are needed most.

In ATE's estimation, the goal of a proactive framework should be to enable a utility to proactively invest in the grid, while protecting ratepayers from the risk of stranded assets by requiring robust analysis on the front end, with allowances for the utility to adapt its plans along the way as new information becomes available. We undertake our response to the specific requirements listed in the Draft Framework with this objective in mind.

2. Which requirements from the Draft Proactive Distribution Upgrade Framework, as outlined in Attachment A, should the Commission adopt?

ATE notes that we are sharing our preferences for some, but not all, of the requirements from the Draft Framework. Requirements not mentioned here should not be presumed to have ATE's support or lack of support.

- We **do not support A.4** which endeavors to "ensure [investments] do not cause undue costs," as we acknowledge that it may not be possible to ensure that the proactive investment process is risk-free.
- We **support A.5** which endeavors to "minimize the risk of stranded assets or projects that result in inequitable distribution of costs or benefits." We view risk minimization as a more achievable goal than risk elimination, and we appreciate the specificity of this requirement as to the nature of the risk.
- We **do not support A.6** which aims to "[m]aximize the benefits to the distribution system while minimizing the costs."
- We **support A.7** which adds "[t]o the extent reasonably possible" to the statement in A.6, bringing it in greater alignment with the capabilities of the Commission, Xcel Energy, and stakeholders, given the inherent uncertainty of this work.
- We **do not support A.8** which seeks to "[l]imit cost impacts to ratepayers from forecast inaccuracies," as forecasts will be inherently inaccurate.

- We **support A.9** which qualifies the objective in A.8 to limiting cost impacts from "unreasonable" forecast inaccuracies, as this language more appropriately seeks to evaluate forecasts based on the information that was known at the time the forecast was made.
- We **do not support B.15** which includes a description of Proactive Distribution Upgrades that (a) is housed within the definition of the Proactive Upgrade Proposal, which strikes us as misplaced, and (b) defines these as investments that "would not be considered prudent under existing distribution planning practices due to the proactive nature of the projects," which presumes that we can know what the Commission would decide.
- We instead **recommend edits to B.16** to define a Proactive Distribution Upgrade in alignment with Lawrence Berkeley National Lab's definition: "distribution system proactive investments [are] those that are deployed ahead of certain load growth. These may include investments to serve new loads ahead of the utility receiving a load letter, as well as investments deployed to serve expected load growth that do not target an existing system constraint."[2] We acknowledge that this definition may need to be modified to refer to both new loads and new capacity for distributed energy resource ("DER") deployment.
- We **support J.14-J.16** which together establish an advanced determination of prudency for approved proactive investments. Since its founding, ATE has been grounded in foundational utility regulatory principles, and we do not take this stance lightly. But given the level of analysis and information required in D (Baseline Information), E (Forecast), F (Potential Sites for Proactive Upgrades), G (Proactive Upgrade Proposal Evaluation Criteria), and H (Proposal for non-location specific proactive measures), paired with the protections outlined in J (Cost Recovery – especially the portions about the Cost Share Window and Cost Cap) and K (Cost Allocation), we support the concept that approved costs are exactly that—approved. Due to the proactive nature of these projects, which are built ahead of certain load growth, we do not believe that they are well-suited to a traditional evaluation of prudency in a general rate case (ex post facto). Most of the information on the need, scope and costs of proactive projects should be vetted rigorously ahead of time (ex ante) between the utility, staff, and stakeholders. These key factors, along with some others like robust sharing on information and risk mitigation measures, form the foundation of a traditional prudency test which are

[2] Lawrence Berkeley National Laboratory, Unlocking Load Growth at the Grid Edge: Practices for Managing, Recovering, and Allocating Distribution System Investments. January, 2025. https://emp.lbl.gov/publications/unlocking-load-growth-grid-edge

typically done after that fact. The framework provides sufficient guardrails and protection against potential cost increases or undue risk associated with proactive projects as they are built out. Accordingly, we support these provisions in the context of this comprehensive and rigorous framework.

- We **support J.19** which again specifies that evidence may be presented to rebut Proactive Upgrade Proposal decisions in a cost recovery proceeding only "to the extent that actual or updated project costs exceed the prior estimate previously approved by the Commission," for reasons of consistently with our position above.

III. Conclusion

The Draft Framework represents a significant investment of time and effort by Commission staff, Xcel Energy, and various stakeholders, and ATE commends this group on its work. Minnesota has been a leader in moving forward with transportation electrification pilots—and, increasingly, full programs—that are innovative and well-designed. ATE urges the Commission to play its part in the state, together with the Legislature, other state agencies, and utilities like Xcel Energy, in continuing this leadership, especially at a time when federal leadership is lacking. We note that many important issues remain unresolved in the draft, resulting in a wide range of potential outcomes for the final framework. Yet we are confident that a final framework can be developed that enables proactive investment, facilitates widespread electrification, fairly allocates cost and risk, and brings benefits to all Minnesotans. We look forward to continued participation in this process.

Sincerely,

/s/ Philip Jones
Philip B. Jones
Executive Director

/s/ Elizabeth Turnbull
Elizabeth Turnbull
Director, Policy and Regulatory Affairs

Alliance for Transportation Electrification
1326 Fifth Avenue, Suite 621
Seattle, WA 98101
206-453-4157