

## Staff Briefing Papers

Meeting Date	March 21, 2019	Agenda Item *2
Company	Xcel Energy (Xcel or the Company)	
Docket No.	<b>E002/M-19-58</b>	
	<b>In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of Amendment to Power Purchase Agreement with Moraine Wind II, LLC</b>	
Issues	Should the Commission approve a ten-year extension of the Moraine II PPA term and revised pricing?	
	How should the Commission allocate the wind energy produced by Moraine II?	
	How should Xcel recover Moraine II energy costs?	
Staff	Sean Stalpes	<a href="mailto:sean.stalpes@state.mn.us">sean.stalpes@state.mn.us</a> 651-201-2252



### Relevant Documents

### Date

Xcel Energy, <i>Petition</i>	January 15, 2019
Department of Commerce, <i>Comments</i>	February 21, 2019
Xcel Energy, <i>Reply Comments</i>	March 6, 2019

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

## I. Statement of the Issues

Should the Commission approve a ten-year extension of the Moraine II PPA term and revised pricing?

How should the Commission allocate the wind energy produced by Moraine II?

How should Xcel recover Moraine II energy costs?

## II. Background

On January 15, 2002, Xcel Energy (Xcel or the Company) filed with the Commission a petition for approval of a Power Purchase Agreement (PPA) with Moraine Wind LLC (formerly Navitas Energy LLC)<sup>1</sup> for 51 MW of wind generation. On July 17, 2002, the Commission approved the PPA, and the Commission's Order allowed for a future, 49.5 MW expansion subject to Xcel seeking Commission approval.

On December 19, 2008, the Company filed a petition to exercise the expansion option and utilize the 49.5 MW Moraine II project to meet the Company's Windsource requirements, which the Commission approved on April 24, 2009; however, notably, the entire output of Moraine II was not needed to fulfill the requirements of Windsource customers. Therefore, the output not dedicated to Windsource was (and still is) partially allocated to its total system, and these non-participant costs are recovered through the fuel clause.

Based on Xcel's current Windsource program sales forecast, the Moraine II allocation for the period of October 1, 2018 through March 31, 2019 was set as follows:<sup>2</sup>

- 3% energy and associated costs assigned through the Windsource rider, and
- 97% energy and associated costs assigned through the fuel clause rider.

In 2015, Xcel began developing a new green pricing program, Renewable\*Connect. In separate petitions filed on November 13, 2015 and September 21, 2016, Xcel proposed the Renewable\*Connect and Renewable\*Connect Government pilots, the needs of which would be initially sourced from existing wind and solar facilities on Xcel's system (Odell Wind and North Star Solar). The Commission approved the Renewable\*Connect pilots on February 27, 2017.

On January 7, 2019, Xcel filed a petition to expand its Renewable\*Connect program into a full-time, permanent offering. In that petition, Xcel proposes to:

- discontinue Windsource;

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<sup>1</sup> Docket No. E002/M-02-51

<sup>2</sup> Docket No. 01-1479, *Petition of Northern States Power Company for Approval of a Voluntary Renewable Energy Rider*, Semi-Annual Compliance Filing and Semi-Annual Tracker Account Report (November 1, 2018).

- move Windsource resources and customers into Renewable\*Connect;
- introduce new service options under a permanent program; and
- introduce a service option for high off-peak usage customers.

The ten-year extension of the Moraine II PPA, at a revised price, fits squarely within Xcel's plans for Renewable\*Connect; however, as staff will discuss in later sections, the immediate benefit of the lower PPA price will be to the Windsource program, since the migration into Renewable\*Connect will not take place overnight.

Importantly, though, what is different about the instant petition is that Xcel requests the Commission allow it to adjust energy allocation and cost recovery not just between participating and non-participating customers in a particular program, but between green pricing programs. In other words, Xcel requests recovery of Moraine II energy costs through the Windsource rider *or* the Renewable\*Connect rider, with the remainder recovered through the fuel clause, based on Xcel's allocation of energy to each rider.

### III. Xcel Petition

#### A. *Project Background and PPA Terms*

Xcel's Petition is for the approval of an amendment to a PPA between Xcel and Moraine Wind II, LLC (a limited liability company of the State of Oregon) for output from a 49.5 MW wind facility located in Pipestone and Murray counties, Minnesota.

As noted earlier, the Commission approved the first Moraine PPA (of 51 MW) on July 17, 2002, which included a 49.5 MW expansion option. Xcel obviously exercised this option, and the Moraine II PPA was executed on November 7, 2008.

The initial term of the Moraine II PPA expired on February 17, 2019. "Amendment No. 1" to the Moraine II PPA was sought to "remove the option to extend provisions of the PPA and to establish a New Term of the PPA of ten (10) years commencing immediately upon expiration of the Initial Term."<sup>3</sup> The Amended PPA was executed on November 16, 2018. (The original PPA and the Amended PPA are included as Attachments A and B to the Petition, respectively.)

Aside from the revised price and term, one noteworthy amendment to the PPA is that it allows for Xcel to dispatch and curtail the facility through the use of "Automated Generation Control (AGC)." AGC is described in the PPA as follows:

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<sup>3</sup> Petition, Attachment B, at 1.

“AGC” or “Automatic Generation Control” means the equipment and capability of an electric generation facility automatically to adjust the generation quantity within the applicable Balancing Authority with the purpose of interchange balancing and specifically, the Facility’s capability of accepting an AGC Set-Point electronically, and the automatic adjustment and regulation of the Facility’s energy production via the SCADA System.

Exhibit I to the Amendment includes terms and conditions of protocols, data collection, and technical specifications of AGC communications. Xcel explains in its Petition that this technology “enables the monitoring and regulation of the facilities’ output as well as forecasting data,”<sup>4</sup> which Xcel claims will improve renewable energy integration on its system.

### *B. Economic Analysis*

Like other PPA petitions, the new energy payment rate was designated as trade secret; however, according to Xcel, “[t]he Moraine II PPA is reflective of the current market and is priced at a level such that it compares favorably to other recent wind projects.”<sup>5</sup> (Staff agrees.)

Xcel ran the Strategist capacity expansion model to calculate the incremental effect of the Moraine II PPA extension. The Company tested the proposed extension under 11 scenarios, and in all of them—including one without environmental costs applied—demonstrated a net benefit. Table 1 of Xcel’s Petition shows the Strategist results:

**Table 1: Moraine II PPA Extension  
Incremental PVSC and PVRR Savings  
(\$millions)**

PVSC (High Ext Costs thru 2024, High Reg Costs)	(11)
PVSC + Low Gas	(9)
PVSC + High Gas	(13)
PVSC + Low Load	(14)
PVSC + High Load	(15)
PVSC + Mkts Off, No Dump Credit	(20)
PVSC + Mkts Off, Dump Credit	(24)
PVSC - Low Ext Costs All Years	(3)
PVSC - High Ext Costs All Years	(9)
PVSC - Low Ext Costs thru 2024, Low Reg Costs	(4)
PVRR (No CO <sub>2</sub> )	(1)

### *C. Energy Allocation, Cost Recovery, and Renewable\*Connect*

In its December 19, 2008 Moraine II PPA petition, the Company requested, and the Commission approved, a “flexible allocation approach” for Moraine II, which allowed Xcel to adjust the percent of the cost through the Windsource rider and any “excess energy” to non-Windsorce

<sup>4</sup> Petition, at 13.

<sup>5</sup> Petition, at 5-6.

customers. (As staff mentioned previously, energy costs allocated to non-Windsource customers are recovered through the fuel clause rider.)

The Commission's April 24, 2009 Order requires that Xcel shall update the allocation for recovery in the Windsource rider and fuel clause every six months and provide the Commission and the Department with the updated allocation as part of the Company's semi-annual and annual Windsource program compliance report and tracker account.

In Xcel's January 7, 2019 Renewable\*Connect petition, Xcel is proposing to transfer participating customers to a new offering of the Renewable\*Connect program.<sup>6</sup> Xcel explained that output from Moraine II will be used to meet future renewable energy requirements of both Windsource and Renewable\*Connect.

In addition to requesting approval of the Amended PPA, in the instant petition Xcel requests the Commission approve the following:

- An allocation of Moraine II energy to the Windsource Program or its successor (the Renewable\*Connect Program Rider);
- An allocation of Moraine II energy to a future offering of the Renewable\*Connect Program;
- The recovery of Moraine II energy costs through the Windsource Program rider and/or the Renewable\*Connect Program based on the Moraine II energy allocated to customers in either of those offerings; and
- An allocation of any remaining portion of Moraine II energy production to system load and the recovery of related energy costs through the Fuel Clause Rider.

#### **IV. Department Comments**

The Department explained that it used three criteria to determine whether the Amended PPA is in the best interest of Xcel's ratepayers. According to the Department, the Amended PPA must meet the following three requirements:<sup>7</sup>

- The purchase price to be paid by Xcel for wind energy is reasonable;
- Xcel's ratepayers are appropriately protected from the financial and operational risks of the wind project; and
- Curtailment provisions are appropriate.

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<sup>6</sup> Docket No. 19-33.

<sup>7</sup> Department comments, at 3.

The following sections briefly summarize each criterion.

#### A. Price

The Department considered price in two different ways. First, the Department compared Moraine II to other wind projects on Xcel's system. Second, it reviewed Xcel's Strategist modeling results.

Table 1 of the Department's comments, below, summarizes the levelized prices of a group of Xcel's wind projects. The prices shown in Table 1 were designated as trade secret.

**Table 1: Levelized Prices for Xcel's Recent Wind PPA Projects**

PPA	Year	Commercial Operation	Levelized Price/MW [TRADE SECRET DATA]
Odell Wind	2013	07/2016	
Clean Energy	2016	2019 Q4	
Crowned Ridge	2016	2019 Q 4	
Wood Stock Hill	2018	12/2018	
MEAN			

**HAS BEEN EXCISED]**

According to the Department, "[b]ased on this price comparison alone, the Department concludes that the levelized price of the amended PPA with Moraine Wind is reasonable."<sup>8</sup>

As noted, the Department also considered Xcel's Strategist modeling. This analysis, the Department argued, further supported its conclusion that the price of the Moraine II PPA is reasonable.

#### B. Ratepayer Risk

When assessing whether Xcel's ratepayers will be appropriately protected from PPA risks, the Department referred to its comments from March 2009, when Xcel initially proposed to expand Moraine Wind. In those comments, the Department concluded that the Moraine Wind II PPA (1) "would appropriately protect Xcel's ratepayers from its financial risk"<sup>9</sup> and (2) "included specific features that would protect both Xcel and its ratepayers from the operational risks."<sup>10</sup>

In other words, ratepayer risk associated with the Moraine II PPA is an issue the Department previously assessed, so the Department's analysis in the instant case was primarily focused on whether the PPA amendments created undue risks.

<sup>8</sup> Department comments, at 4.

<sup>9</sup> *Id.* at 5.

<sup>10</sup> *Id.*

The Department concluded that under the Amended PPA, Xcel's ratepayers continue to be appropriately protected from financial and operational risks.<sup>11</sup> The Department noted that it reviewed all of the amended provisions in the Amended PPA and determined that "none of the amended provisions in the Amended PPA would negatively impact Xcel's ratepayers."<sup>12</sup>

### *C. Curtailment Provisions*

The original PPA included certain curtailment provisions, which again, the Department previously concluded were appropriate. The Amended PPA, the Department noted, includes a new Section 8.2 (A)(2)—pertaining to the "Curtailment Energy Payment Rate"—which Xcel designated as trade secret. The Department reviewed the amended Section 8.2 (A)(2) and concluded that the substituted section would not negatively impact Xcel's ratepayers.

### *D. Allocation of Energy Produced by Moraine II and Recovery of Costs*

Regarding energy allocation and cost recovery, the Department's analysis was guided by the Commission's April 24, 2009 Order approving the Moraine II expansion. The Department cited the following language from the Order:

Xcel may recover 30 percent of the cost of the PPA through the Windsource Rider and 70 percent through the fuel clause. This allocation may be adjusted based on Windsource Program needs.

Xcel shall update the allocation for recovery in the Windsource Rider and fuel clause every six months and provide the Commission and the [Department] with the updated allocation as part of the Company's semi-annual and annual Windsource program compliance report and tracker account.

Xcel shall provide the allocation and corresponding amount of energy used by the Company as the basis for recovery of cost in the fuel clause in its monthly fuel clause filing.<sup>13</sup>

According to the Department, "[b]ased on this Order, the Department recommends that the Commission approve Xcel's proposed allocation and cost recovery associated with the wind energy produced by Moraine II."<sup>14</sup> Therefore, the Department recommended the Commission should:

- Allow Xcel to use Moraine II Wind energy under the same cost allocation method as approved by the Commission in its April 24, 2009 Order in Docket No. E002/M-08-1487; and

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 6.

<sup>13</sup> Department comments, at 6-7.

<sup>14</sup> *Id.*

- Allow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable\*Connect Program Rider).

*E. Request for Updates and Compliance Report*

Overall, the Department supports Xcel's requests as listed in the Petition. However, the Department's comments include an additional recommendation asking Xcel to update its riders semi-annually and provide a report to the Commission and the Department:

Require Xcel to update the allocation for recovery in the Windsource Rider, the Renewable\*Connect Rider (if approved by the Commission) and fuel clause every six months and provide the Commission and the Department with the updated allocation as part of the Company's semi-annual and annual Windsource Program and the Renewable\*Connect Compliance report and tracker account.<sup>15</sup>

On March 6, 2019, Xcel filed reply comments, in which the Company supported the Department's recommendation shown above.

**V. Staff Analysis**

*A. Moraine II and Renewable\*Connect*

While not included in the Moraine II Petition, Table 1 of Xcel's Renewable\*Connect petition,<sup>16</sup> shown below, helpfully illustrates Xcel's vision for the current, transitional, and future states of its Windsource and Renewable\*Connect programs. Table 1 illustrates how existing and future wind and solar resources, including Moraine II, will support each program over time. As the table shows, at present, Moraine II contributes to the renewable energy requirements of Windsource customers, but in 2021 and beyond, it will migrate into Renewable\*Connect:

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<sup>15</sup> *Id.* at 7.

<sup>16</sup> Xcel Energy, Docket No. E002/M-19-33, *In the Matter of Xcel Energy's Petition for Approval of a Renewable\*Connect Program*, at 10 (January 7, 2019).



**Table 1 Proposed Programs and Transition Plan**

	Windsor	Pilot	Month-to-Month	Long Term
<b>Current</b>				
Terms	Month-to-month + Special Event	5 Year, 10 Year, Month-to-Month + Special Events		
Resources	Windsor PPAs + small percent of Moraine II + Wind RECs	Portions of Odell Wind and North Star Solar		
Program Management	Open	Fully Subscribed		
<b>Transition Period 2019-2021</b>				
Terms	Month-to-month + Special Event	5 Year, 10 Year, Month-to-Month + Special Events		Optional short-term R*C Bridge
Resources	Windsor PPAs + Moraine II + Wind RECs + Solar RECs	Portions of Odell Wind and North Star Solar		Purchased RECs
Program Management	Open	Fully Subscribed		
<b>2021 and Beyond</b>				
Terms		5 Year, 10 Year	Month-to-Month + Special Events	5, 10, 15 & 20 Year
Resources		Portions of Odell Wind and North Star Solar	Windsor PPAs + Moraine II + New Solar	New Wind + New Solar
Program Management	Closed when Month-to-Month opens	Fully Subscribed	Enrollment grows through time	Limited Enrollment

In the near-term, a portion of the energy production from Moraine II will continue to be allocated periodically to Windsor customers, and Xcel will continue to adjust the allocation to meet the needs of the program. (This is the “flexible allocation approach” that was approved in the Commission’s 2009 Order.)

As Xcel explains in its Renewable\*Connect petition, Windsor customers will eventually be transferred into Renewable\*Connect’s “Ongoing Month-to-Month Offer” category, on an opt-out basis, beginning in 2021. As shown in the “Month-to-Month Offer” column of Table 1, current Windsor PPAs, Moraine II, and a portion of a newly acquired solar resource will support new demand in Renewable\*Connect.

Importantly, because the wind PPAs currently comprising Windsource will expire at different points in time, a ten-year extension of Moraine II means this facility will become a growing share of the contribution of energy toward Windsource and, eventually, Renewable\*Connect. And since the revised pricing for Moraine II lowers the energy payment rate significantly, approving the extension, in staff's view, simply makes already-successful green pricing products cheaper and thus more attractive to customers.

#### *B. Allocation of Wind Energy and Cost Recovery*

As discussed previously, the Commission's April 24, 2009 Order approved Xcel's proposed "flexible allocation approach" for Moraine II, allowing for an adjustable 30%/70% split between the Windsource Rider and the fuel clause, respectively.

In the instant case, Xcel requests the Commission grant the Company the same flexibility, although with an additional request to allow an option to allocate energy production and costs to Windsource "and/or" Renewable\*Connect.

If the Commission determines the Moraine II PPA extension with revised pricing is reasonable, staff believes there is little downside, if any, in approving Xcel's request for further flexibility for allocation *between programs*. However, staff notes that in the Renewable\*Connect docket, Xcel basically requests the same action; for instance, one request (in Renewable\*Connect) is to receive approval for "[t]he transition of Windsource Program customers to the Ongoing Month-to-Month Offer of [the] Renewable\*Connect program."<sup>17</sup>

This means that, regardless of whether or not the Commission addresses Renewable\*Connect now, if the Renewable\*Connect petition is approved, the end result will be the same. However, since the immediate impact of the extension will be to support growth in Xcel's Windsource program, and the Commission has not yet approved Renewable\*Connect as a permanent program, the Commission might wish to decline addressing Renewable\*Connect at this time. For the purposes of this docket, if the Commission wishes to decline addressing matters related to Renewable\*Connect, it would not incorporate decision options 1.B.-1.D. in its motion.

Staff raises this option only because, at the time of this writing, comments have not been received for Renewable\*Connect, and perhaps the Commission might prefer to address the relationship between Windsource and Renewable\*Connect at a later date. In other words, even though there is a common understanding that the Moraine II extension is really intended to provide a long-term benefit to Renewable\*Connect, the Commission might prefer keeping decisions related to the two programs separate for now.

This said, as staff noted, granting Xcel flexibility in allocation between programs is unlikely to be problematic. And perhaps, since Xcel seeks a ten-year extension of the Moraine II PPA as part of its vision of how Moraine II fits into Renewable\*Connect, the Commission might decide it is

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<sup>17</sup> Xcel Energy, Docket No. E002/M-19-33, *In the Matter of Xcel Energy's Petition for Approval of a Renewable\*Connect Program*, at 32 (January 7, 2019).

actually the *most* reasonable action to allow Xcel the flexibility to allocate energy to either green pricing program.

### *C. Conclusions*

Under every scenario the Company modeled in Strategist, the Moraine II extension produced a net benefit. And, as the Department observed, the revised pricing of Moraine II is comparable to other, recently approved wind projects on Xcel's system. Furthermore, Moraine II has a unique benefit of already having in place an interconnection agreement. Also, Xcel clearly presented how Moraine II will benefit both its Windsource and Renewable\*Connect programs. For these reasons, staff joins the Department in support of Xcel's request to approve the Amended PPA.

### *D. Guide to the Decision Options*

Staff notes that Xcel's requested Commission actions and the Department recommendations use slightly different language but have essentially the same effect—in other words, the differences between their requests/recommendations appear to be largely if not completely attributable to word choice. To avoid confusion, if there are indeed no disputed issues, staff suggests the Commission simply adopt the language Xcel proposes.

However, one difference is that the Department includes a recommendation to require Xcel to update its allocation semi-annually and report back to the Commission and the Department. Neither Xcel nor staff have concerns with the Department's recommendation, but staff notes the Commission has already required this in the docket initially approving the expansion. The Commission's April 24, 2009 Order stated:

**Xcel shall update the allocation for recovery in the Windsource Rider and fuel clause every six months and provide the Commission and the OES with the updated allocation as part of the Company's semi-annual and annual Windsource program compliance report and tracker account.**

Moreover, Xcel proposed the same cost recovery method in its Renewable\*Connect petition:

[W]e propose the continued use of Moraine II under the same cost allocation method currently in effect. As approved by the Commission, energy production from Moraine II is allocated periodically to Windsource customers and the system. On a semi-annual basis, the Company may adjust the allocation percentage to meet the needs of the program. The energy costs are then allocated based on the established percentages and recovered through the Windsource Program rider and the Fuel Clause Rider, respectively.<sup>18</sup>

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<sup>18</sup> Docket No. E002/M-08-1487 *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of a Power Purchase Agreement with Moraine Wind II, LLC*, Commission Order, April 24, 2009, allowing adjustment of Moraine II allocation to meet Windsource program needs in semi-annual compliance reports.

Xcel has filed a “Compliance Annual Report and Semi-Annual Tracker Account” report on a semi-annual basis in the Windsource docket every year since 2001, so whether or not the Commission adopts the Department’s recommendation, it will not change how Xcel allocates energy or reports information.

Similarly, Xcel proposed an edit to one of the Department’s recommendations, which could be construed as a clarification rather than a change. In the Department’s comments it recommends the Commission “[a]llow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable\*Connect Program Rider).” In its reply comments, Xcel proposed the following edit:

Allow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable\*Connect Program Rider), and the Fuel Clause Rider based on the allocation of such energy to each rider, respectively.

Again, this does not appear to introduce anything new—although staff acknowledges *Xcel* must believe it does otherwise it would not have edited the DOC recommendation—because the Commission’s April 24, 2009 Order already allows allocation to the fuel clause for non-participating customers. Also, the allocation of excess energy to the fuel clause could arguably be covered by another Department recommendation, which states the Commission should “[a]llow Xcel to use Moraine II Wind energy under the same cost allocation method as approved by the Commission in its April 24, 2009 Order in Docket No. E002/M-08-1487.”

Seemingly, taken together, both of the Department’s recommendations would incorporate what Xcel is seeking by introducing the recommended edit referencing to the fuel clause.

In any case, to simplify the matter, since there are no disputed issues—in other words, since the Department recommends approval without modifications—staff believes it is probably cleanest for the Commission to adopt Xcel’s recommendations as requested, along with the Department’s recommendation for Xcel to file a semi-annual update.

Below is a side-by-side table of Xcel’s initial requests—i.e., without Xcel’s suggested edit—and the Department’s recommendations:

Decision Option by Party	
<i>Xcel</i>	<i>Department</i>
1a. Approve a ten-year extension of the PPA term and revised pricing.	2a. Approve the Amended PPA.
1b. Allow an allocation of Moraine II energy to the Windsource Program or its successor.	2b. Allow Xcel to use the wind energy from Moraine II to meet future renewable energy requirements of Windsource Program customs and Renewable*Connect Program (if approved by the Commission).

1c. Allow an allocation of Moraine II energy to a future offering of the Renewable*Connect Program.	2c. Allow Xcel to use Moraine II Wind energy under the same cost allocation method as approved by the Commission in its April 24, 2009 Order in Docket No. E002/M-08-1487.
1d. Allow an allocation of Moraine II energy to a future offerings of the Renewable*Connect Program.	2d. Allow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable*Connect Program Rider).
1e. Allow an allocation of any remaining portion of Moraine II energy production to system load and the recovery of related energy costs through the Fuel Clause Rider.	2e. Require Xcel to update the allocation for recovery in the Windsource Rider, the Renewable*Connect Rider (if approved by the Commission) and fuel clause every six months and provide the Commission and the Department with the updated allocation as part of the Company's semi-annual and annual Windsource Program and the Renewable*Connect Compliance report and tracker account.

If the Commission approves the Moraine II PPA extension and wishes to include in its motion decision options that incorporate Renewable\*Connect, staff recommends the Commission adopt 1.A.-1.E. and 2.E.

However, if the Commission prefers to adopt in its motion the Department's language on cost recovery—the Department's direct reference of the Commission's April 24, 2009 Order, for example, might have more clarity—then staff suggests incorporating Xcel's edit (decision option 2.D.i.) as well.

## VI. Decision Options

### ***Xcel Recommendations***

- 1.A. Approve a ten-year extension of the Moraine II PPA term and revised pricing.
- 1.B. Allow an allocation of Moraine II energy to the Windsource Program or its successor.<sup>19</sup>
- 1.C. Allow an allocation of Moraine II energy to a future offering of the Renewable\*Connect Program.
- 1.D. Allow the recovery of Moraine II energy costs through the Windsource Program rider and/or the Renewable\*Connect Program based on the Moraine II energy allocated to customers in either of those offerings.
- 1.E. Allow an allocation of any remaining portion of Moraine II energy production to system load and the recovery of related energy costs through the Fuel Clause Rider.

### ***Department Recommendations***

- 2.A. Approve the Amended PPA.
- 2.B. Allow Xcel to use the wind energy from Moraine II to meet future renewable energy requirements of Windsource Program customs and Renewable\*Connect Program (if approved by the Commission).
- 2.C. Allow Xcel to use Moraine II Wind energy under the same cost allocation method as approved by the Commission in its April 24, 2009 Order in Docket No. E002/M-08-1487.
- 2.D. Allow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable\*Connect Program Rider).
  - 2.D.i. Allow recovery of Moraine II energy costs through the appropriate Windsource Program rider, or its successor (the Renewable\*Connect Program Rider), and the Fuel Clause Rider based on the allocation of such energy to each rider, respectively. (Xcel's edit)
- 2.E. Require Xcel to update the allocation for recovery in the Windsource Rider, the Renewable\*Connect Rider (if approved by the Commission) and fuel clause every six months and provide the Commission and the Department with the updated allocation as part of the Company's semi-annual and annual Windsource Program and the Renewable\*Connect Compliance report and tracker account.

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<sup>19</sup> Staff note: The term "its successor" refers to the Renewable\*Connect Program Rider.