

July 3, 2018

- VIA ELECTRONIC FILING -

Daniel P. Wolf Executive Secretary Minnesota Public Utilities Commission 121 7th Place East, Suite 350 St. Paul, Minnesota 55101

RE: INFORMATIONAL LETTER

RENEWABLE*CONNECT PILOT PROGRAM DOCKET NO. E002/M-15-985

WINDSOURCE VOLUNTARY RENEWABLE ENERGY RIDER DOCKET NO. E002/M-01-1479

Dear Mr. Wolf:

We provide this informational letter to update the Commission on a recent milestone in our Renewable*Connect pilot program and to share the Company's next steps in response to increasing customer demand for Renewable*Connect and the impending expiration of certain resources in our Windsource program.

We are pleased to report that the Company has fully subscribed the first tranche of the Renewable*Connect pilot. In one year of pilot operations, customers have signed commitments for the full capacity in the pilot. We have also begun to hear from customers about their interest in subscribing as more capacity in the pilot becomes available, and the Company has initiated a customer wait list to track this interest. Some customers, including the Metropolitan Council, have even made public announcements regarding their intent to subscribe to more Renewable*Connect to meet their long term goals when new program capacity is introduced.

In addition to growing demand for green energy products among current customers, the Company is also aware of the potential for new economic development in the region that would further boost demand for green energy solutions.

In tandem with this demand from existing customers and potential newcomers, the Company is also planning for the expiration of certain resources that supply our Windsource program, the Company's legacy program which fulfills the requirements of the Renewable and High-Efficiency Energy Rate Options statute, Minn. Stat. 216B.169, subd. 2. Resources that supply a large portion of the energy for Windsource customers are nearing their termination dates under the terms of their Power Purchase Agreements. See table below:

Project	MW	PPA Expiration Date					
Moraine II*	49.5	Feb. 2019					
Elsinore Wind	1.9	Sept. 2021					
REAP, LLC	15	Sept. 2021					
*NOTE: Only 3% of Moraine II output is allocated to the Windsource Program.							

The Company has begun to discuss potential next steps with customers to develop the terms of a potential expansion of Renewable*Connect, and to informally explore market opportunities for the availability of cost-effective resources to supply these programs. We anticipate bringing forward a request to the Commission to grow our renewable service options later in 2018.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact Tim Edman at <u>timothy.j.edman@xcelenergy.com</u> or (612) 330-2952 if you have any questions regarding this letter.

SINCERELY,

/s/

AMY LIBERKOWSKI DIRECTOR, REGULATORY PRICING AND ANALYSIS

c: Service Lists

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

- <u>xx</u> by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis,
 Minnesota
- <u>xx</u> electronic filing

Docket Nos. E002/M-15-985 and E002/M-01-1479

Dated this 3 rd day of July 2018	
/s/	
 Jim Erickson	

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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