



May 27, 2020

VIA ELECTRONIC FILING

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

Re: Docket E-002/20-421 In the Matter of AEMA's Petition Requesting a Miscellaneous Docket to Direct Xcel Energy to Implement 400 MW of Demand Response by 2023

Dear Mr. Seuffert,

Clean Energy Economy Minnesota (CEEM) respectfully submits these comments In the Matter of AEMA's Petition Requesting a Miscellaneous Docket to Direct Xcel Energy to Implement 400 MW of Demand Response by 2023. Our mission at CEEM is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies. We work to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans.

Please feel free to contact us with any questions that you may have. We hope that the comments below provide you with useful insights.

Regards,

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**State of Minnesota**  
**Before the**  
**Minnesota Public Utilities Commission**

**In the Matter of AEMA's Petition Requesting a  
Miscellaneous Docket to Direct Xcel Energy to  
Implement 400 MW of Demand Response by  
2023**

Docket E-002/20-421

**COMMENTS**

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**Introduction**

Clean Energy Economy Minnesota (CEEM) appreciates the opportunity to provide these comments in response to the Minnesota Public Utilities Commission's (hereafter PUC or Commission) Notice of Comment Period In the Matter of Advanced Energy Management Alliance's (AEMA) Petition Requesting a Miscellaneous Docket to Direct Xcel Energy (hereafter the Company) to Implement 400 MW of Demand Response by 2023.

CEEM is a non-partisan, industry-led 501(c)(3) nonprofit representing the business case for clean energy in Minnesota. CEEM provides a unified voice for clean energy business across the state. Our mission is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies. CEEM works to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans. We are focused on sharing the stories and perspectives of clean energy businesses and employees. We are committed to working across industries and political divides to support a prosperous economy for Minnesotans.

CEEM is fueled by support of our member businesses, partners, and individuals working across Minnesota's sustainable energy economy. CEEM's members and partners represent a wide array of businesses providing and seeking energy solutions, and across energy technologies and business models. CEEM staff has significant experience in participating in regulatory reform, grid modernization, and "utility of the future" discussions and regulatory proceedings as well as educating state utility regulatory professionals across the country.

**Comments and Review of AEMA's Petition**

In its Notice of Comment Period, the Commission offered the following topic(s) open for comment:

1. Should the Commission proceed with this miscellaneous docket to expedite Xcel's implementation of incremental demand response?
2. On what factual, legal, or other record basis could the Commission conclude that Xcel has not made a good faith effort to comply with the Commission's January 2017 IRP?
  - a. Do parties agree with AEMA that Xcel is at risk of noncompliance with the Commission's January 11, 2017 IRP Order?
  - b. Since Xcel has already been required by the Commission to implement 400 MW of incremental demand response by 2023, do parties agree with AEMA's suggestion that

Xcel's 2019 IRP will determine how Xcel will implement its incremental demand response?

3. According to Appendix G1 of Xcel's 2019 IRP (Docket No. 19-368), about half of Xcel's required demand response will be included in its 2021-2023 Triennial Conservation Improvement Plan (CIP). How should the Commission consider Xcel's forthcoming CIP in an expedited miscellaneous docket to direct a new demand response tariff?
4. Are there benefits (e.g. clarifying Xcel's plans for incremental demand response) to proceeding with a miscellaneous docket even if the Commission does not ultimately direct Xcel to implement new demand response offerings?
5. Are there other issues or concerns related to this matter?

We provide an introduction, then respond directly to the questions, then broadly discuss concerns with the Company's demand response. In total, we agree with AEMA's petition, and would continue to encourage strong effort that facilitates stakeholder dialogue. The Company's current approach raises concerns about policy and process.

## **INTRODUCTION**

CEEM member companies and partners represent a wide array of businesses providing and seeking energy solutions, and across energy technologies and business models, including demand response. A significant amount of CEEM members work with the Company to deliver services that provide value to the Company, its customers, the grid, and the economy.

We also recognize the leadership of the Commission in providing the Company with direction. We recognize the Commission's requirement for the Company to include in its next resources plan 400MW of demand response resources by 2023<sup>1</sup> and evaluate 1,000 MW of additional demand response resources by 2025. We recognize the Commission's leadership in directing the Company to work with stakeholders on demand response. We also recognize the Commission's desire for performance metrics surrounding demand response that "shapes customer load profiles through price response, time-varying rates, or behavior campaigns," and the adoption of peak shifting and load shedding.

We lastly recognize the work of stakeholders and the Company as facilitated by the Great Plains Institute (GPI). That process helped the Company and stakeholders develop lists of design principles to guide programs, and filing objectives that would appropriately inform stakeholders for associated regulatory proceedings.

## **CEEM Comments and Review of AEMA's Petition**

In its Notice of Comment Period, the Commission offered the following topic(s) open for comment:

- 1. Should the Commission proceed with this miscellaneous docket to expedite Xcel's implementation of incremental demand response?**

We agree with AEMA that the Company runs a risk and may "be unable to achieve 400 MW of additional demand response by 2023 because it takes time for demand response programs to be fully subscribed."

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<sup>1</sup> Order issued in Docket No. E-002/RP-15-21

2. On what factual, legal, or other record basis could the Commission conclude that Xcel has not made a good faith effort to comply with the Commission's January 2017 IRP?
  - a. Do parties agree with AEMA that Xcel is at risk of noncompliance with the Commission's January 11, 2017 IRP Order?
  - b. Since Xcel has already been required by the Commission to implement 400 MW of incremental demand response by 2023, do parties agree with AEMA's suggestion that Xcel's 2019 IRP will determine how Xcel will implement its incremental demand response?

We agree with AEMA that the information received from the Company related to compliance with the Commission's 2017 IRP to this point warrants concern. Additionally, we agree with AEMA that the Company's stakeholder process, as facilitated by GPI, failed to deliver on two of four stated goals, including failure to:

*3. Apply the design characteristics to the list of Xcel Energy's potential new and expanded demand response programs and identify which programs comport with the agreed-upon design characteristics.*

*4. Review and offer feedback to the demand response programs that Xcel Energy is developing to comply with the commission's order, considering both the design principles and the results of the potential study.*

As such, we believe the stakeholder process was initiated in good faith, but lacks appropriate action to be considered fully in good faith. In particular, we agree with AEMA's assertion that the Company "has not made a good faith effort to comply other than including its Demand Response Action Plan in Appendix G1 of its IRP, filed on July 1, 2019."<sup>2</sup> The lack of specificity in the Company's programs raises concerns about the ability to 1.) engage in sufficient discussion to ensure programs that meet stakeholders needs set forth in the stakeholder process; and to 2.) engage the Commission in a timely review process to ensure compliance.

We do generally trust and value the good faith efforts of the Company to engage with stakeholders on important regulatory proceedings. We note that through e21, the integrated distribution planning process,<sup>3</sup> and the integrated resource planning process,<sup>4</sup> the Company proved willing to engage with stakeholders.

3. **According to Appendix G1 of Xcel's 2019 IRP (Docket No. 19-368), about half of Xcel's required demand response will be included in its 2021-2023 Triennial Conservation Improvement Plan (CIP). How should the Commission consider Xcel's forthcoming CIP in an expedited miscellaneous docket to direct a new demand response tariff?**

It will be important to clarify the relationships between demand response requirements and CIP for policy, programs, and economic potential. CEEM members provide solutions to the Company and customers in both demand response and CIP programs. It is important for the Company, its supply chain and the clean energy sector, and customers that any outstanding policy issues be settled in an expedited

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<sup>2</sup> Petition at pg. 2.

<sup>3</sup> 19-666 In the Matter of Xcel Energy's Integrated Distribution Plan and Advanced Grid Intelligence and Security Certification Request.

<sup>4</sup> E002/RP-19-368 Northern States Power Company 2020-2034 Upper Midwest Integrated Resource Plan.

fashion. Tariffs, rates, programs, and CIP efforts all significantly impact the investment opportunities and business value propositions of the clean energy sector. The outstanding issues identified in the petition warrant Commission examination, and those Commission determinations significantly impact customers, businesses, and jobs.

**4. Are there benefits (e.g. clarifying Xcel's plans for incremental demand response) to proceeding with a miscellaneous docket even if the Commission does not ultimately direct Xcel to implement new demand response offerings?**

We believe there are many benefits to proceeding with a miscellaneous docket. Significant stakeholder discussions took place since the 2017 IRP Order. First, it could be important to continue the work of the stakeholders in the GPI process to further clarify stakeholder desires and expectations. Second, the Company may benefit from starting a more formal discussion of proposals it is considering before the Commission.

Additionally, in 2019 the Commission issued an Order related to performance metrics for the Company which outlined a wide variety of valued demand response metrics.<sup>5</sup> This Order identified the desires of both the Commission and stakeholders to use demand response as a tool for cost-effective alignment of generation and load, and integration of demand response with customers. The Commission could utilize a miscellaneous docket to further hone potential policy issues for future policy concerns related to demand response compliance and performance metrics. This could be facilitated in the spirit of learning with the intent to identify issues related to post-2023 compliance. More simply, we believe that a miscellaneous docket could also afford an opportunity to learn in advance of future compliance while clarifying demand response expectations from both the Commission and stakeholders.

**5. Are there other issues or concerns related to this matter?**

We also would like to identify that aggregated demand response options remain unavailable in Minnesota. While the Commission decided in 2011 to decline requests for aggregated demand response aggregators or aggregated demand response programs.<sup>6</sup> The decision did not preclude future policy changes. In fact, the 2016 Staff Report on Grid Modernization recommended revisiting Commission policies on third party aggregation.<sup>7</sup>

Since 2011, aggregated demand response has advanced, adding value to consumers, grid operators, and ratepayers alike. In 2018, the Public Service Commission of Arkansas issued a report *Enabling Third-Party Aggregation of Distributed Energy Resources* which considered “benefits, pros and cons of different aggregation options, status of aggregation in other [Midcontinent ISO] states and elsewhere”

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<sup>5</sup> Order September 18, 2019. Docket No. E-002/CI-17-401 In the Matter of a Commission Investigation to Identify Performance Metrics, and Potentially, Incentives for Xcel Energy's Electric Utility Operation.

<sup>6</sup> Order April 16, 2013. Docket No. E-999/CI-09-1449 In the Matter of an Investigation of Whether the Commission Should Take Action on Demand Response Bid Directly into the MISO Markets by Aggregators of Retail Customers Under FERC Orders 719 and 719-A.

<https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={9DE70FBC-8E5C-42C4-8D43-E871305B2023}&documentTitle=20134-85762-01>

<sup>7</sup> Minnesota Public Utilities Commission (2016). Staff Report on Grid Modernization. March 2016. See pp 27-28.

[http://gridworks.org/wp-content/uploads/2015/06/MNPUC\\_Staff\\_Report\\_on\\_Grid\\_Modernization\\_March2016.pdf](http://gridworks.org/wp-content/uploads/2015/06/MNPUC_Staff_Report_on_Grid_Modernization_March2016.pdf)

amongst other considerations.<sup>8</sup> Further, an example of recent policy advancement related to aggregated demand response is the work by the Michigan Public Service Commission in 2019, wherein a Commission staff recommended:

“that the Commission allow the direct participation of third-party aggregators in the capacity, energy and ancillary services markets on behalf of DR resources aggregated from Michigan-based AES load, aligning with FERC-approved RTO tariffs and processes, effectively removing a barrier to allowing third-party aggregators to fully utilize registered DR resources.”<sup>9</sup>

In addition, demand response opportunities, including aggregated demand response, are consistent with many corporate clean energy goals. Nearly 75% of Fortune 100 companies have clean energy goals or targets. Those corporations locate new operations or expanding existing operations in states with supportive clean energy policies. Often, clean energy access is a significant part of these business decisions, perhaps only behind workforce concerns. As a recent example, on May 20, 2020 Walmart filed a formal application for approval to bid demand response into wholesale electricity markets with the Arkansas Public Service Commission. In that application, Walmart notes the “unique nature of Walmart’s operations...” and “significant experience with DR throughout the country” and asked for consideration of DR aggregation as an asset for the public interest.<sup>10</sup>

We look forward to the opportunity to work with stakeholders and the Company to propose specific demand response offerings that ensure compliance and provide benefits to ratepayers, the Company, and the clean energy sector.

## CONCLUSION

We applaud the Commission for its strong leadership on demand response. We encourage the Commission to both understand the regulatory requirements in the petition and recognize the significant need for more detailed information and actionable steps to ensure compliance by 2023.

Further, we appreciate the Commission, like all of us, is working under challenging circumstances as the current pandemic impacts all facets of daily work. CEEM sends its sincere gratitude to the staff and Commissioners for their efforts and continuing their important work on behalf of the public interest.

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<sup>8</sup> Regulatory Assistance Project (2018). Enabling Third-Party Aggregation of Distributed Energy Resources. Report to the Public Service Commission of Arkansas. February 2018. <https://www.raponline.org/knowledge-center/enabling-third-party-aggregation-distributed-energy-resources/> Accessed 5/26/2020.

<sup>9</sup> Staff of the Michigan Public Service Commission (2019). Demand Response Aggregation Staff Report and Recommendations, Case No. U-20348. May 30, 2019. <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000004n0F8AAI> accessed 5/22/2020.

<sup>10</sup> Before the Arkansas Public Service Commission: IN THE MATTER OF THE APPLICATION OF WALMART INC. FOR APPROVAL TO BID DEMAND RESPONSE INTO WHOLESALE ELECTRICITY MARKET THROUGH AN AGGREGATOR OF RETAIL CUSTOMERS petition by Walmart, Inc. filed May 20, 2020. [http://www.apscservices.info/pdf/20/20-027-U\\_1\\_1.pdf](http://www.apscservices.info/pdf/20/20-027-U_1_1.pdf)