

## Staff Briefing Papers

Meeting Date	September 17, 2020	Agenda Item **6
Company	Advanced Energy Management Alliance (AEMA)	
Docket No.	<b>E002/M-20-421</b>	
	<b>In the Matter of AEMA's Petition Requesting a Miscellaneous Docket to Direct Xcel Energy to Implement 400 Megawatts of Demand Response by 2023</b>	
Issues	Should the Commission proceed with a process that would require Xcel Energy to file a demand response tariff, or tariff revisions, to comply with the Commission's January 11, 2017 Order in Docket No. 15-21 (Xcel Energy's 2015 Integrated Resource Plan)?  Should the Commission require Xcel Energy to make periodic compliance filings to demonstrate it is on track to acquire 400 megawatts of incremental demand response by 2023?	
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 Relevant Documents	Date
AEMA, <i>Petition</i>	April 14, 2020
Center for Energy and Environment, <i>Initial Comments</i>	May 27, 2020
Clean Energy Economy Minnesota, <i>Initial Comments</i>	May 27, 2020
Department of Commerce, <i>Initial Comments</i>	May 27, 2020
Xcel Energy, <i>Initial Comments</i>	May 27, 2020
AEMA, <i>Reply Comments</i>	June 9, 2020

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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.



**Relevant Documents**

**Date**

City of Minneapolis, *Reply Comments*

June 9, 2020

Department of Commerce, *Reply Comments*

June 9, 2020

Fresh Energy, *Reply Comments*

June 9, 2020

Office of the Attorney General, *Reply Comments*

June 9, 2020

Xcel Energy, *Reply Comments*

June 9, 2020

## I. Statement of the Issues

Should the Commission proceed with a process that would require Xcel Energy to file a demand response (DR) tariff, or tariff revisions, to comply with the Commission's January 11, 2017 Order in Docket No. 15-21 (Xcel Energy's 2015 Integrated Resource Plan)?

Should the Commission require Xcel Energy to make periodic compliance filings to demonstrate it is on track to acquire 400 megawatts (MW) of incremental DR by 2023?

## II. Background

Xcel Energy's 2015 Integrated Resource Plan (IRP) proposed an expansion plan that included, among other resource additions, 2,070 megawatts (MW) of natural gas combustion turbines (CTs) for peaking capacity in the 2025-2030 timeframe;<sup>1</sup> substantial peaking generation was selected by the Strategist capacity expansion model in this timeframe to meet a sharply increasing capacity deficit, which emerged upon the retirement of the Company's coal-fired Sherco 1 and 2 units in 2026 and 2023, respectively, as well as a number of contract expirations (e.g. the 850 MW PPA with Manitoba Hydro, which is scheduled to expire in 2025). (Energy output from Sherco 1 and 2 was replaced in large part through significant wind additions and a new 786 MW natural gas combined cycle plant at the Sherco site.)

The Commission's January 11, 2017 Order approved Xcel's 2015 IRP with several modifications; among them, the Commission determined that, in lieu of over two gigawatts (GW) of natural gas CTs, the record justified that "Xcel shall acquire no less than 400 MW of additional demand response by 2023."<sup>2,3</sup> The Commission reasoned, "This level of potential demand response capacity is supported by even the most conservative study of Xcel's system in the record."<sup>4,5</sup>

It has been more than three years since the Commission's January 2017 Order in Xcel's last IRP, and the Company has yet to file for Commission approval of a new DR product. In an effort to

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<sup>1</sup> Docket No. 15-21, Xcel Supplement to IRP, p. 14 (January 29, 2016).

<sup>2</sup> Docket No. 15-21, Commission Order, ordering paragraph 10 (January 11, 2017).

<sup>3</sup> Regarding the remainder of Xcel's 2 GW of natural gas generation (not including the Sherco gas plant), the Commission modified Xcel's planned CT additions in the 2025-2030 timeframe to "the most cost-effective combination of resources consistent with state energy policies, including but not limited to the following resource options: large hydropower, short-term life extensions of Xcel-owned peaking units, natural gas combustion turbines, demand response, utility-scale solar generation, energy storage, and combined heat and power." (See Commission ordering paragraph 4.c.)

<sup>4</sup> Commission Order, p. 10 (January 11, 2017).

<sup>5</sup> The study referenced in the Commission's Order is the "Demand Response Market Potential in Xcel Energy's Northern States Power Service Territory," conducted by The Brattle Group. According to the Brattle study, an expanded portfolio including only traditional programs "could reduce peak by 1,455 MW (14.4% of peak) by 2028, an incremental increase of 401 MW relative to the existing portfolio." Brattle further found that, "by 2028, plausible portfolios of DR options could increase NSP's peak reduction capability from a little over 1,000 MW in current programs to between 1,425 MW and 1,952 MW in new programs (depending on the options included in the new portfolios). This is an incremental increase of market potential between 371 MW and 899 MW." (Source: Docket No. 15-21, Appendix O, p. 37.)

expedite compliance with the Commission's 400 MW of incremental DR by 2023 requirement, on April 14, 2020, the Advanced Energy Management Alliance (AEMA)<sup>6</sup> requested the Commission initiate a miscellaneous docket to adopt a DR tariff, or tariff revisions. (Because the filing of AEMA's Petition opened a new docket, the issue now is whether to *proceed* with the instant docket, not open a new one.)

On May 27, 2020, the Commission received Initial Comments from:

- Center for Energy and Environment (CEE);
- Clean Energy Economy Minnesota (CEEM);
- Department of Commerce (Department); and
- Xcel.

On June 9, 2020, the Commission received Reply Comments from:

- AEMA;
- City of Minneapolis;
- Department;
- Fresh Energy (FE);
- Office of the Attorney General (OAG); and
- Xcel.

The next section will summarize AEMA's April 14, 2020 Petition. First, it should be noted that AEMA's ultimate position shifted somewhat in Reply Comments, due to more detail Xcel provided in its Initial Comments regarding the Company's planned tariff filings. To be clear, AEMA still recommends a miscellaneous docket for a new DR product, but it is acceptable to the petitioner if Xcel's planned interruptible rate filing is that miscellaneous docket, so long as it is filed soon. Also, AEMA still believes the instant docket can move forward, but with a broader scope that can monitor Xcel's compliance with the Commission's January 11, 2017 IRP Order.

### III. AEMA Petition

AEMA's April 14, 2020 Petition requested the Commission initiate a process to "adopt a demand response tariff, or tariff revisions, to comply with the Commission's January 11, 2017 Order."<sup>7</sup> AEMA argued this action is justified because, according to AEMA, Xcel "has not made a good faith effort to comply,"<sup>8</sup> and AEMA is "unaware of any action before the Commission to meet this requirement."<sup>9</sup> Given the length of time that has passed since the Commission's

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<sup>6</sup> AEMA is a trade association representing demand response and distributed energy resource aggregators and resource providers including platform companies, technology providers, and end use customers who commit to curtailing their operations when required. The views expressed in this petition are the views of the trade association and not of any one particular member.

<sup>7</sup> AEMA Petition, p. 1.

<sup>8</sup> AEMA Petition, p. 2.

<sup>9</sup> AEMA Petition, p. 2.

Order, along with the lack of filings with the Commission, AEMA claimed Xcel has a serious noncompliance risk:

It has been over three years since the Commission issued its January 2017 IRP Order and no formal action has been taken thus far to add 400 MW of demand response by 2023. The deadline for compliance is now closer in time than the date the order was issued.<sup>10</sup>

While acknowledging compliance is not required until 2023, AEMA explained that it will take time to develop and grow existing and new DR programs, including time for a public input process, as well as time required to expand sales and marketing activities, build customer pipelines, and educate new customers. In addition, it will take several years for DR programs to be subscribed up to the level established by the Commission's Order:

It is simply not feasible for demand response programs to be developed or expanded, filed, approved, and marketed to and subscribed by customers in one year. Under these circumstances, AEMA is certain that demand response programs would not be subscribed in time for the winter 2023 period unless implementation occurs prior to the approval of Xcel's IRP.<sup>11</sup>

Xcel's 2019 IRP was filed on July 1, 2019. It includes a "Demand Response Five-Year Action Plan," which, in Xcel's words, includes "new programs that are dependent upon the regulatory process and customer acceptance."<sup>12</sup> AEMA argued that Xcel's 2019 IRP process is experiencing significant delays, and Xcel cannot wait for the 2019 IRP to conclude and still meet the Commission's DR requirements. In addition, a lengthy IRP process presents several challenges to intervening stakeholders, primarily cost, which makes meaningful participation difficult:

Due to multiple delays and the enormity of issues to be addressed in Xcel's current and comprehensive IRP, a miscellaneous docket is the most appropriate vehicle to address how Xcel can achieve compliance with the Commission's January 2017 IRP Order. Intervention in Xcel's current IRP process is not practicable for stakeholders interested in shaping how Xcel will meet this mandate without substantial cost for participation.<sup>13</sup>

AEMA then detailed the extensive work conducted in the stakeholder process that followed Xcel's 2015 IRP proceeding. Among other things, stakeholders developed a set of goals and design principles for DR products that could be used to comply with the Commission's Order. (Attachment A of the Petition is the 2017-2019 Stakeholder Engagement Process Summary Report, prepared by the Great Plains Institute (GPI).) Four goals produced by the stakeholder

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<sup>10</sup> AEMA Petition, p. 6.

<sup>11</sup> AEMA Petition, p. 6.

<sup>12</sup> *In re Xcel Energy's 2020-2034 Upper Midwest Integrated Resource Plan*, MPUC Docket No. E002/RP 19-368, Appendix G1—Demand Side Management at 15 (July 1, 2019).

<sup>13</sup> AEMA Petition, p. 2.

group, which are provided on page 4 of AEMA's Petition and page 6 of the GPI report, are listed below:

1. Identify a set of consensus-based design characteristics for any new or expanded demand response program or portfolio of programs.
2. Understand and discuss the results of The Brattle Group's demand response potential study in the context of the proposed design characteristics.
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.

According to AEMA, goals 3 and 4 were not met. Xcel failed to present potential DR program offerings in enough detail to gather feedback from stakeholders, and stakeholders were unable to participate in a meaningful way, or reach consensus on potential DR offerings that would be ready for approval in time for Xcel's 2019 IRP filing.<sup>14</sup> Thus, AEMA believes a miscellaneous docket is the best way to continue the development of new DR products:

A miscellaneous docket is the most appropriate type of proceeding to determine Xcel's demand response offerings and approve tariff revisions while allowing Xcel and stakeholders to focus on the design principles and filing objectives agreed to in the GPI stakeholder process discussed above. Neither the IRP docket nor Xcel's anticipated rate case would allow stakeholders to focus on the development of these offerings as effectively as a miscellaneous docket.<sup>15</sup>

In summary, some of AEMA's main arguments in support of its request are as follows:

- "[I]t has been over three years since the Commission's Order without any formal action being taken thus far."<sup>16</sup>
- Xcel "has not filed any new or expanded demand response offerings with the Commission since that order was issued."<sup>17</sup>
- "Xcel is at serious risk of noncompliance with the Commission's January 2017 IRP Order."<sup>18</sup>

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<sup>14</sup> AEMA Petition, p. 5.

<sup>15</sup> AEMA Petition, pp. 9-10.

<sup>16</sup> AEMA Petition, p. 6.

<sup>17</sup> AEMA Petition, p. 6.

<sup>18</sup> AEMA Petition, p. 7.

- In preparation for the Company's 2019 IRP filing, Xcel "failed to present potential demand response program offerings in enough detail to gather feedback from the stakeholders."<sup>19</sup>
- "Without an expedited miscellaneous docket to address program design and corresponding tariff revisions, it would be virtually impossible for Xcel to comply with the January 2017 IRP Order."<sup>20</sup>

Of note, Attachment A of AEMA's Petition is the GPI Stakeholder Report. Attachment B is Xcel's Draft DR Product Matrix, which addresses DR products in development as of January 2019.

#### IV. Party Comments

Staff notes that several of the commenters filed only Reply Comments. The Initial Comment deadline closed on May 27, 2020, with the Department, Center for Energy and Environment (CEE), Clean Energy Economy Minnesota (CEEM), and Xcel filing Initial Comments. On June 9, 2020, AEMA, the City of Minneapolis, the Department, Fresh Energy, the Office of the Attorney General (OAG), and Xcel filed Reply Comments.

In brief, the positions of parties who filed Initial Comments are as follows:

- CEE concluded it is premature to determine that it is necessary to expedite a DR tariff through a dedicated proceeding.
- CEEM agreed with AEMA that Xcel is at risk for noncompliance and therefore supports AEMA's Petition.
- The Department recommended the Commission monitor Xcel's compliance through annual filings from the Company.
- Xcel opposed AEMA's Petition.

##### *A. Xcel Energy*

Xcel requested the Commission deny AEMA's request for additional process in this miscellaneous docket. Xcel believes it has taken the necessary steps to add incremental DR resources since the Commission's January 11, 2017 Order.

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<sup>19</sup> AEMA Petition, p. 5.

<sup>20</sup> AEMA Petition, p. 11.

Xcel explained that it intends to achieve the 400 MW of DR by 2023 largely through the expansion of existing programs. The Company has already added 73 Gen. MW<sup>21</sup> of DR since 2018 through the expansion of participation in existing programs.

In 2020, the Company launched two new DR programs, Peak Partner Rewards (PPR)<sup>22</sup> and AC Rewards Small Business.<sup>23</sup> These products were approved by the Department through Xcel's Conservation Improvement Plan (CIP). (CIP products are approved through the procedures and processes outlined in Minn. Stat. § 216B.241 and require no additional Commission approval.)

In addition, Xcel is in the process of developing an interruptible rate program that will allow increased flexibility, economic pricing, and buy-through rates; Xcel intends to file a petition for approval of the program in Fall 2020. Xcel explained that the interruptible rate "will be utilized similarly to the current Electric Rate Savings program however it will allow for a wider range of response and control options, including buy-through offerings and seasonal control, along with increased data access for participating customers."<sup>24</sup>

Table 1 of Xcel's Initial Comments shows Xcel's March 2020 forecast of total controllable load and cumulative incremental load for 2017-2023:<sup>25</sup>

**Table 1: Xcel Energy Demand Response Portfolio (Gen. MW)**  
**March 2020 Estimates<sup>26</sup>**

	2017 Actual	2018 Actual	2019 Actual	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast
Total Controllable Load	851	824	897	1,010	1,158	1,231	1,304
Cumulative Incremental Load	0	(27)	46	159	307	380	453

<sup>21</sup> "Gen. MW" is generator-level load reduction when accounting for the reserve requirement. Xcel stated in the IRP, "The Commission's Order does not specify a basis for measuring the 400 MW. We have assumed this requirement to be a capacity equivalent number and therefore grossed up for line losses and reserve requirements. As noted in the Brattle Study, after accounting for reserve requirements, this is equivalent to 391 MW of generation (Gen. MW)."

<sup>22</sup> Peak Partner Rewards, or PPR, launched in March 2020, is a new program which offers bill credits and access to electric load profile data to business customers that agree to reduce their electrical loads when the electric grid experiences peak demand periods. The program's incentive structure emphasizes actual performance during control periods. These incentives are provided through CIP, and savings are identified through electric load profile data.

<sup>23</sup> AC Rewards for Business – started as a pilot program with 400 enrollees in 2019 – officially launched under the Saver's Switch for Business program beginning in May 2020. The measure expands our existing AC Rewards program into the commercial space, through direct installation of smart thermostats. Customers receive a smart thermostat for free through the program, in addition to a \$25 bill credit for participating in demand response. The speed with which we were able to transition from a pilot to a full launch is a result of early customer engagement.

<sup>24</sup> Xcel Initial Comments, p. 9.

<sup>25</sup> Xcel filed an updated five-year action plan in its June 30, 2020 filing in Docket No. 19-368 (the 2019 IRP). While Xcel believes the overall forecast is achievable, the Company anticipates the actual forecasts per year to differ as the results of the COVID-19 pandemic are realized.

<sup>26</sup> Xcel noted that the drop in controllable load in 2018 was due to both attrition and a result of a change in its



On page 6 of its Initial Comments, Xcel discussed the stakeholder process it undertook following the Commission’s January 2017 IRP Order. Xcel hired GPI and CEE to lead seven DR stakeholder discussions between December 2017 and January 2019. This process discussed specific requirements that new program offerings should include, what products were under development, and how these met the identified criteria. Table 2 of Xcel’s Initial Comments provides a summary of DR products currently in development:

**Table 2: Updated “Summary of Xcel Energy Demand Response Offerings in Development”**

Program Type	Product	Est. Date	Status
Behavior DR	“Hands-off” DR	2023	Piloting in CO, potential pilot to begin in late 2020 in MN Technology dependent
Commercial Building Controls	Commercial Buildings	2021	Technology dependent
Critical Peak Pricing	Critical Peak Pricing (Opt-in)	2022	Reviewing CO program to determine MN benefit
Electric Vehicles	Smart Charging	2020	Program denied through CIP – exploring further opportunities
Interruptible Offerings	Peak Partner Rewards (PPR)	2020	PPR launched in 2020
Interruptible Offerings	Interruptible Rate	2022	Interruptible Rate to be filed in Fall 2020
Other	Geo-Targeting	2023	Pilot for Geo-Targeting to be complete in 2020 – additional development efforts to launch as a result.
Other	Reverse DR	2024	Reverse DR to be piloted in CO.
Smart Thermostats	Expand current offering	2021	Launched 2020 (two additional states)
Smart Thermostats	Home Energy Management	2024	Piloting in 2020
Smart Thermostats	Optimization	2020	Launched 2020
Smart Water Heating	Electric Water Heating Control	2023	Partially launched in 2020 2021 additional phase
Saver’s Switch Update	2-way communication	2021	Technology dependent

Xcel argued that continuing with this proceeding could actually slow the implementation of its DR portfolio, and there are other avenues, like the Performance-Based Metrics (PBM) docket (Docket No. 17-401), that could address AEMA’s concerns:

The Company believes that we have provided sufficient clarification regarding our plans to meet the Commission’s 400 MW target. Although we appreciate the interest in seeing we achieve our demand response goals, we are concerned that an additional Miscellaneous Filing could potentially slow our implementation of demand response efforts through duplicative regulatory process, in addition to

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methodology for calculating interruptible demand; however, there has been expansion of its programs by 73 Gen. MW.

active proceedings such as the 2021-2023 CIP Triennial Plan and planned tariff filings later this fall.

We further note that as part of the resource planning process, there are avenues to request further information regarding the Company's actions in regards to demand response. Further, we will be providing additional benchmarking details and updates toward the impact of demand response as part of Docket No. E-002/CI-17-401 for Performance Based Rates.<sup>27</sup>

The Company also addressed challenges posed by the COVID-19 pandemic and noted that it expects some short-term impacts to DR participation:

While it is too early to determine the full impact of the pandemic, we have experienced and continue to anticipate a temporary loss of demand response participation from both residential and business customers over the next several months impacting our 2020 forecast.<sup>28</sup>

Some DR-related actions Xcel has taken during the pandemic include:

- Through virtual visits, Xcel will offer smart thermostats to residential and small business customers in an effort to grow these segments;
- Xcel's PPR program will target specific customer groups rather than utilizing mass marketing that might detract from other COVID-19 related communications; and
- Xcel will continue to install Saver Switches and remote terminal units (RTUs) as part of program implementation, ordering technology ahead of time to prepare for the summer control season.

### *B. Department of Commerce*

According to the Department, there are two scenarios where an expedited proceeding might be necessary: (1) if the Commission finds that the development of DR offerings is insufficient or (2) if the speed at which Xcel is proposing to implement the products is insufficient.

Based on information Xcel provided in its initial, July 1, 2019 IRP filing, the Department determined "Xcel appears to be on track to meet their own schedule."<sup>29</sup> However, the Department noted that this is a preliminary determination, and the July 1, 2020 Triennial CIP filing and the June 30, 2020 IRP Supplement will shed additional light on whether Xcel is on track to comply.

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<sup>27</sup> Xcel Initial Comments, p. 13.

<sup>28</sup> Xcel Initial Comments, p. 10.

<sup>29</sup> Department Initial Comments, p. 5.

The Department agreed with AEMA that it will take time to develop, market, and subscribe customers in DR programs. Moreover, the Department recognized that there is currently no place for the Commission to monitor or review the progress being made by Xcel to implement 400 MW of incremental DR. Therefore, the Department concluded it is reasonable for the Commission to establish a compliance filing requirement for Xcel, in order to monitor Xcel's progress in achieving its DR requirements. The Department proposed that a compliance filing could include information such as:

- the status of stakeholder meetings (if any);
- a list of expected product offerings;
- the status of product offering development;
- a date, or estimated date, of regulatory filing;
- DR implementation status;
- DR subscription level status and forecasts; and
- time-of-use and critical peak pricing product status or learnings from Advanced Metering Infrastructure pilots.

The Department then explained how the compliance filing could inform future Commission action:

The Commission and stakeholders would use this compliance filing to monitor Xcel's progress and, if needed, as an impetus to take further action. The Commission at that time could assess what, if anything, is needed and would have the option to take any necessary action. For example, the Commission could open a proceeding investigating Xcel's progress in meeting the demand response obligations, initiate a proceeding to evaluate the adoption of a demand response tariff (as suggested by AEMA), establish requirements for a competitive bidding process for demand response (similar to requirements for Minnesota Power), or take other action.<sup>30</sup>

The Department recommended the Commission require Xcel to file a compliance filing on February 1, 2021 and February 1, 2022. The February 1, 2021 date is appropriate because it would follow Xcel's June 30, 2020 IRP Supplement, the July 1, 2020 CIP Triennial filing, and any anticipated DR products filed in Fall 2020. The Department also recommended that any DR tariff proceeding should be informed of CIP-qualifying products to ensure there is no redundancy or overlap:

To the extent that Xcel elects to use CIP-qualifying products (as they note they intend to do for a large portion of their IRP-required demand response obligation), those products would be evaluated and approved by the Department and would not need to be evaluated through a Commission miscellaneous docket. However, any Commission demand response tariff proceeding should be informed of those CIP-qualifying proposals to ensure there is not redundancy or overlapping of

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<sup>30</sup> Department Initial Comments, p. 9.

products or energy and cost accounting among proposed CIP products and/or any tariffed rates.<sup>31</sup>

Regarding the docket(s) in which Xcel shall make the compliance filings, the Department recommended they be provided both in the 2019 IRP (Docket No. 19-368) and the instant docket. This is because there are slightly different service lists for each, so the compliance filings would reach a broader audience if filed in both, including those who have self-selected as interested stakeholders in Xcel's DR-related dockets. In addition, including the compliance filings only in the IRP docket could have the drawback of being missed by interested stakeholders, due to the uniquely large number of documents already filed into the IRP record.

The Department also noted that the compliance filings would not be intended to require approval or action by the Commission unless a stakeholder or Commission staff raise concerns with the compliance filing content.<sup>32</sup> Also, as the Department noted in its Initial Comments, "if later found not to be on track to be in compliance with the 2017 IRP Order, or if the Commission later finds that Xcel is not moving as expeditiously with demand response offerings as was expected, the Commission has the ability to reopen and/or initiate proceedings on its own motion pursuant to Minn. Stat. § 216B.25."<sup>33</sup>

### *C. Center for Energy and Environment*

CEE does not believe it has been demonstrated that Xcel is at risk for noncompliance with the Commission's Order; therefore, CEE does not support AEMA's request.

### *D. Clean Energy Economy Minnesota*

CEEM agreed with AEMA that Xcel is at risk for noncompliance with its DR requirements. CEEM also agreed with AEMA that Xcel has not made a good faith effort to comply, and the Company's list of DR options lacks specificity. Moreover, CEEM agreed with AEMA that Xcel failed to deliver on two of its four stated goals of the stakeholder process, which limits stakeholders' ability to engage in a meaningful discussion about the design of various options.

CEEM also discussed the Commission's Investigation into performance metrics, which outlined valued DR metrics.<sup>34</sup> CEEM suggested that 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."<sup>35</sup> This could provide an opportunity to learn in advance of future compliance while clarifying DR expectations.

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<sup>31</sup> Department Initial Comments, p. 8.

<sup>32</sup> Department Reply Comments, p. 3.

<sup>33</sup> Department Initial Comments, p. 6.

<sup>34</sup> Docket No. 17-401, *In the Matter of a Commission Investigation to Identify Performance Metrics, and Potentially Incentives for Xcel Energy's Electric Utility Operation*.

<sup>35</sup> CEEM Comments, p. 4.

Lastly, CEEM discussed DR aggregation. While CEEM acknowledged that the Commission has previously decided<sup>36</sup> to decline requests for DR aggregators or aggregated DR programs, CEEM argued this decision did not preclude future policy changes. CEEM did not recommend reconsideration of its 2010 Order related to Aggregators of Retail Customers (ARCs), but CEEM discussed the value of aggregation and provided examples where other regulatory commissions determined there would be benefits to DR aggregation.

#### *E. AEMA, Reply Comments*

Upon learning that Xcel has launched two new DR programs approved under CIP, and that the Company anticipates filing an interruptible tariff as soon as early fall, AEMA agreed in Reply Comments that modifying the scope of this docket – from requiring new DR tariffs to tracking compliance, as the Department recommends – is a reasonable path forward.

AEMA emphasized, however, that any planned tariff filing should be made as a miscellaneous filing, not in a rate case, to “facilitate participation among stakeholders [who would] not otherwise intervene in its rate case but for this product offering.”<sup>37</sup> AEMA noted that even under Xcel’s preferred path, the Company is running out of time to fulfill its requirement.

Additionally, on page 4 of its Reply Comments, AEMA observed that Xcel mischaracterized the Commission’s requirement as a “goal.” While Xcel highlighted its intention to focus on “cost-effective demand response programs,” the 2017 IRP Order did not include a caveat that any new DR resources must first pass a cost-effectiveness test:

AEMA disagrees with Xcel’s characterization of the Commission’s requirement as a “goal” as referred to in its comments. The Commission stated in its 2017 IRP Order that “Xcel *shall* acquire no less than 400 MW of additional demand response by 2023.”

AEMA supports the Department’s recommendation to establish a compliance filing requirement. AEMA agreed that if concerns arise from Xcel’s compliance filings, the Commission can take the appropriate action at that time. AEMA also supports the Department’s proposed filing requirements.<sup>38</sup>

Finally, AEMA supports the Department’s suggestion that the anticipated tariff proceeding should recognize CIP-qualifying DR programs to ensure programs do not overlap or are made redundant:

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<sup>36</sup> *In re 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*, MPUC Docket No. E-999/CI-09-1449, Order Prohibiting Bidding of Demand Response into Organized Markets by Aggregators of Retail Customers and Requiring Further Filings by Utilities (May 18, 2010).

<sup>37</sup> AEMA Reply Comments, pp. 5-6.

<sup>38</sup> AEMA Reply Comments, p. 2.

As noted by the Department, Xcel is incentivized to develop programs that qualify for CIP because CIP provides an avenue for cost recovery. Reviewing CIP-qualifying programs is important because, in AEMA's experience, if programs compete for the same customers, one program could weaken the success of another.<sup>39</sup>

Even though AEMA agreed to a modified scope for this docket in its Reply Comments, it maintained that a dedicated docket would still serve the public interest, in part because tracking multiple, complicated dockets can be burdensome. For example, Xcel referenced five open dockets related to compliance with the 400 MW DR requirement: Xcel's Integrated Distribution Plan, CIP, IRP, PBM, and Time-of-Use dockets. With an independent docket, stakeholders would have greater access to information and an opportunity to raise concerns about potential program offerings. Further, AEMA reiterated the challenges in participating in formal proceedings before the Commission; AEMA noted that the only public means to monitor Xcel's progress on complying with the 2017 IRP Order is the 2019 IRP, which has already experienced numerous delays.

In summary, AEMA request the Commission:

- Require Xcel to file an interruptible tariff as a miscellaneous docket;
- Dedicate a docket, either a new docket or this docket, to monitor Xcel's compliance toward fulfilling the 400 MW requirement; and
- Require Xcel to file details of its DR programs that qualify for cost recovery through CIP.

Staff notes that AEMA's Reply Comments include a request that the Commission require Xcel to file the updated DR Action Plan from its June 30, 2020 IRP Supplement into the record for the instant docket. On September 2, 2020, Xcel filed this information in response to PUC Information Request No. 1; therefore, with the updated DR Action Plan now in the record, staff believes the Commission does not need to take action on AEMA's recommendation, which is why staff did not include it in the decision options.

#### *F. City of Minneapolis, Reply Comments*

The City of Minneapolis (Minneapolis) agreed with AEMA and CEEM that there is a risk Xcel will be unable to achieve 400 MW of incremental DR by 2023. Minneapolis agreed with AEMA and CEEM that Xcel did not meet the goals of the stakeholder process, and a miscellaneous docket could both address these goals as well as identify market developments which have evolved since stakeholders last convened. Minneapolis also suggested "further exploration of aggregation as was supported by some parties during the Company's stakeholder meetings."<sup>40</sup>

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<sup>39</sup> AEMA Reply Comments, p. 3.

<sup>40</sup> City of Minneapolis Reply Comments, p. 3.

Minneapolis supports the Department's recommendation for annual compliance filings; Minneapolis stated that "compliance monitoring, including the Department's suggested reporting metrics, could be filed in this docket or in a standalone docket as a favorable way to track progress on the requirement for no less than 400 MW of additional DR."<sup>41</sup>

Finally, Minneapolis noted that the IRP should not treat the 400 MW minimum requirement as a maximum cap because cost-effective DR could be greater than 400 MW.

### *G. Fresh Energy, Reply Comments*

Fresh Energy (FE) commended AEMA for raising this issue, noting it is important to ensure there is a venue for stakeholders to understand the timing and program details of Xcel's 400 MW DR procurement. Additionally, FE was pleased to see Xcel explicitly recognize that new "non-traditional" DR is distinct from traditional summer peak-focused programs, in that non-traditional DR is aimed at creating flexibility for a high-renewables system.

FE supports the Department's recommendation for compliance filings on February 1, 2021 and February 1, 2022 to monitor Xcel's progress in achieving its DR requirements. FE also supports the Department's list of information provided in its comments.

### *H. Office of the Attorney General, Reply Comments*

The OAG agreed with AEMA's summary of the participant and ratepayer benefits of DR. The OAG added that utilities have an incentive to do the opposite—that is, make more capital investments sooner so that they can earn more profit. The OAG concluded that exercising an extra measure of oversight through a miscellaneous docket would be beneficial.<sup>42</sup>

The OAG supports the Department's recommendation for annual compliance filings in this or another docket, noting that Xcel's DR acquisition strategy will involve several products in multiple dockets. The OAG echoed the Department's comment about having compliance filings in both a miscellaneous docket and in the IRP, due to the volume of filings in the IRP.

The OAG suggested the Commission could consider directing Xcel to issue a request for proposals (RFP) to meet some portion of the 400 MW, or invite interested parties to file proposals for review in this or another docket. According to the OAG, "Inviting additional proposals would help ensure that Xcel has a robust set of options for meeting the demand-response need identified in its last resource plan."<sup>43</sup>

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<sup>41</sup> City of Minneapolis Reply Comments, p. 2.

<sup>42</sup> OAG Reply Comments, p. 1.

<sup>43</sup> OAG Reply Comments, p. 2.



### *I. Xcel, Reply Comments*

In its Reply Comments, Xcel reiterated its opposition to additional process for its DR acquisition strategy. Xcel noted that the Department and CEE both concluded there is no basis to determine that the Company will be unable to meet its DR obligations.

#### **1. Response to the Department**

Xcel stated it is willing to provide the Department's requested information as part of an annual compliance filing, but Xcel noted that this information is already filed in other dockets:

We note that we already file many of these details in other active dockets, including dockets related to Performance Based Rates (Docket No. E002/CI-17-401), our Integrated Distribution Plan, and CIP proceedings. If, however, the Commission would prefer we file the requested information somewhere else, we would not oppose this request.<sup>44</sup>

#### **2. Response to CEEM**

In response to CEEM's concern regarding stakeholder feedback, Xcel noted "stakeholders involved in our Stakeholder process from 2017 to 2019 indicated their reluctance to provide full support towards specific program details until such time as those products and opportunities were filed within a docketed process for review."<sup>45</sup> Xcel stated it remains committed to filing answers to the specific stated goals as part of any filing to the Commission, and Xcel will provide those details as part its filings for specific programs.

In response to CEEM's argument that a miscellaneous docket could "further hone potential policy issues for future policy concerns related to demand response compliance and performance metrics,"<sup>46</sup> Xcel stated this would be duplicative with the PBM docket:

We believe these details are already addressed by the active Performance Based Metrics docket and should not be duplicated here. In fact, in Docket No. E002/CI-17-401 the Commission's April 16, 2020 Order (at Order Point 1(f)) address these policy issues, and the Company will address them when it consults with the Department and interested stakeholders and subsequently files a demand response financial incentive in the first quarter of 2021.<sup>47</sup>

Finally, Xcel provided a lengthy discussion in response to CEEM's comments on DR aggregation. Staff will address those comments at the end of the briefing paper.

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<sup>44</sup> Xcel Reply Comments, p. 3.

<sup>45</sup> Xcel Reply Comments, p. 3.

<sup>46</sup> CEEM Initial Comments, p. 4.

<sup>47</sup> Xcel Reply Comments, pp. 3-4.



## V. Staff Analysis

Overall, staff believes AEMA made some compelling arguments for moving forward with this docket in some fashion; however, while Xcel's risk of noncompliance with the Commission's January 11, 2017 Order is certainly an important issue to monitor, staff does not find noncompliance to be particularly worrisome at this time, for the following reasons:

First, a lack of new DR filings with the Commission is not entirely surprising given the time required to develop new DR programs. In addition, according to Xcel, the Company has made progress toward meeting the Commission's requirement through the expansion of existing programs; Xcel reported it has achieved 73 Gen. MW of incremental DR through these programs since 2018.

Second, most of Xcel's DR products will go through the CIP regulatory path, which are not subject to Commission review and approval, and the Department stated, "at this time the Department does not have reason to conclude that Xcel is not on track to meet its demand response obligations."<sup>48</sup> Also, Xcel has included new DR programs in the Company's 2021-2023 CIP Triennial Plan,<sup>49</sup> which is another demonstration of progress toward compliance. And as shown in Table 2 on page 7 of Xcel's Initial Comments (which is also on page 8 of the briefing paper), five DR offerings have been piloted or launched in 2020.<sup>50</sup>

Third, Xcel announced it is "preparing to file petitions for approval of at least one more product with the Commission this fall."<sup>51</sup> This includes an interruptible rate offering, which Xcel stated might be filed as soon as Fall 2020.

Staff understands AEMA's concern that there have been no new DR tariffs filed with the Commission after more than three years following the Commission's January 2017 IRP Order, but this does not equate to a failure to make a good faith effort to comply. Assuming Xcel adheres to the schedules for various products outlined in its comments in this docket and in the IRP, which would include an interruptible tariff filing in 2020, staff agrees with Xcel's statement that it has "taken appropriate steps to add incremental demand response resource[s] by 2023."<sup>52</sup> And in light of Xcel's planned tariff filing(s) later this fall, staff also agrees with the Company that "an additional Miscellaneous Filing could potentially slow [its] implementation of demand response efforts through duplicative regulatory process."<sup>53</sup>

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<sup>48</sup> Department Initial Comments, p. 6.

<sup>49</sup> Docket No. E,G002/CIP-20-473.

<sup>50</sup> These include: (1) Interruptible Offerings – Peak Partner Rewards, (2) Smart Thermostats – Expand current offering, (3) Smart Thermostats – Home Energy Management, (4) Smart Thermostats – Optimization, and (5) Smart Water Heating – Electric Water Heating (See p. 7 of Xcel's Initial Comments).

<sup>51</sup> Xcel Initial Comments, p. 6.

<sup>52</sup> Xcel Reply Comments, p. 1.

<sup>53</sup> Xcel Initial Comments, p. 13.

However, for reasons to be explained in the next section, staff believes a modified scope for this docket makes sense in this instance, and the Department's recommendation (supported by many parties) to require Xcel to make February 1, 2021 and February 1, 2022 compliance filings establishes a reasonable path forward. The Department recommends that these annual updates be filed in both the IRP and the instant docket. Staff believes the Department's recommendation is reasonable.

The remainder of the Staff Analysis section will address three topics discussed in the record: (1) Xcel's 2015 and 2019 IRPs; (2) Xcel's DR implementation plan; and (3) DR aggregation.

#### *A. Xcel's 2015 and 2019 IRPs*

As a preliminary matter, AEMA is correct that Xcel mischaracterized the Commission's requirement as a "goal."<sup>54</sup> On numerous occasions throughout its comments, the Company refers to Commission's requirement as a "goal." For example, Xcel responded to AEMA's filing by stating, "we appreciate the interest in seeing we achieve our demand response goals;"<sup>55</sup> but it is the Commission's requirement, not the Company's goal, that Xcel "shall acquire no less than 400 MW of additional demand response by 2023."<sup>56</sup> And as stated previously, the Commission determined that this amount "is supported by even the most conservative study of Xcel's system in the record."<sup>57</sup>

However, the Commission should be cautious about AEMA's arguments pertaining to Xcel's 2019 IRP. For example, AEMA argued that ongoing delays in the current IRP justify a dedicated proceeding to monitor Xcel's DR implementation. For example, AEMA stated, "Due to multiple delays and the enormity of issues to be addressed in Xcel's current and comprehensive IRP, a miscellaneous docket is the most appropriate vehicle to address how Xcel can achieve compliance with the Commission's January 2017 IRP Order."<sup>58</sup>

The timeline of Xcel's 2019 IRP has little, if anything, to do with Xcel's requirement to add 400 MW of incremental DR, and therefore it is not an adequate justification for a separate docket. First, Xcel's requirement to acquire new DR resources by 2023 has not gone away simply because Xcel has filed a new IRP, so the Company's requirements remain intact. Second, exactly *how* Xcel will meet the Commission's prior requirements is not an issue for the 2019 IRP to resolve (which is not to say Xcel's DR Action Plan is an irrelevant component of the Company's IRP); as Xcel explained on page 6 of its Initial Comments, resource planning and resource acquisition are separate proceedings with different functions:

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<sup>54</sup> AEMA Reply Comments, p. 4.

<sup>55</sup> Xcel Initial Comments, p. 13.

<sup>56</sup> Commission Order, Docket No. 15-21, ordering paragraph 10 (January 11, 2017).

<sup>57</sup> Commission Order, Docket No. 15-21, p. 10 (January 11, 2017).

<sup>58</sup> AEMA Petition, p. 2.

An integrated resource plan is intended to indicate size, type and timing of resources. As part of this process, we have filed our 2020-2034 IRP plan to include an additional 400 MW of demand response per the Commission's Order.

Other regulatory processes are intended to determine how the Company implements demand response procurement (or programs) once a need has been indicated in the IRP. These could include through our CIP program process, or through petitions to the Commission requesting approval of particular offerings.<sup>59</sup>

As a comparison, the Commission typically approves average annual energy savings over a 15-year timeframe, but it does not prescribe the types of energy efficiency measures a utility must implement. It is possible new facts presented in Xcel's 2019 IRP will produce a different optimal level of DR resources, but at least for now, Xcel's 2019 IRP includes the January 2017 Order's requirement in the proposed plan,<sup>60</sup> and there has been no change to the Company's obligations since the January 2017 Order was issued.

Having said that, AEMA's argument is not entirely misplaced because what seems to be underlying its concern is that there is no other process in which to participate that affords stakeholders the opportunity to help shape Xcel's DR portfolio. For example, AEMA stated in Reply Comments: "Prior to AEMA filing its Petition, Xcel's current IRP docket had been the only docket where compliance with the 2017 IRP Order could be addressed."<sup>61</sup> The Department similarly stated in Initial Comments: "Currently, there is no method for the Commission to monitor or review the progress being made by Xcel to implement the 400 MW of demand response."<sup>62</sup>

In this sense, if the composition of Xcel's DR portfolio is *not* an issue for the 2019 IRP to resolve, and stakeholders have no other forum in which to continue their engagement with the Company, then this docket could provide that formal process. In other words, the fact that Xcel's 2019 IRP is not expected to approve specific DR products could actually be an argument for an independent docket for stakeholder involvement and tracking compliance. On the other hand, Xcel noted the PBM docket already serves these purposes, and the Company identified a five-year plan for DR programs, with their associated regulatory paths, that fulfill its obligations, so it is unclear how an additional process would or should modify Xcel's strategy.

In the next section, staff will discuss Xcel's plan for DR acquisition and the Company's risk of noncompliance.

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<sup>59</sup> Xcel, Initial Comments, p. 12.

<sup>60</sup> Xcel states on page 65 of Section 3 of its June 30, 2020 IRP Supplement: "We also are proposing an incremental 400 MW of DR by 2023, as required by the Commission's Order in our last Resource Plan, which grows our DR resources to approximately 1,500 MW total by the end of the planning period."

<sup>61</sup> AEMA Reply Comments, p. 7.

<sup>62</sup> Department Initial Comments, p. 8.

### *B. Xcel's DR Acquisition*

One reason why AEMA argues Xcel is at risk for noncompliance is due to the significant time required for DR subscription up to a 400 MW level. AEMA explained, “it takes time to expand sales and marketing activities, build customer pipelines, and educate new customers.”<sup>63,64</sup>

AEMA created a sample timeline to highlight the likelihood of noncompliance:

**Table 2. AEMA Demand Response Procurement and Implementation Timeline**

Sample Timeline for Demand Response Implementation	Timeframe
Further Program Development (e.g., continuation of workgroup and public comments)	Q3 - Q4 2020
Xcel Program Filing(s) with Commission	Q1 2021
Public Comment Period	Q1 - Q2 2021
Commission Approval	Q2 2021
Program Implementation	Q2 - Q3 2021
Program Growth Ramp to 100MW	Q3 - Q4 2021
Program Growth Ramp to 200MW	Q4 2021 - Q2 2022
Program Growth Ramp to 400MW	Q2 2022 - Q1 2023

AEMA’s Q1 2021 estimate for a new “Program Filing” is roughly in line with Xcel’s plan to make an interruptible rate filing in Fall 2020.<sup>65</sup> However, the relationship between “Program Filing(s)” and “Program Growth Ramp to 400 MW” is not entirely clear, since Xcel is considering several program options with various implementation schedules. According to Xcel’s “Demand Response Five-Year Action Plan” from its June 30, 2020 IRP Supplement, shown below, Xcel expects an interruptible rate growth ramp of only 40 MW by 2021 to 115 MW by 2023 (see the second row of the gray-shaded area):<sup>66,67</sup>

<sup>63</sup> AEMA Petition, pp. 6-7.

<sup>64</sup> AEMA has observed more aggressive growth within the first year of implementation when aggregators of retail customers are allowed to participate by leveraging existing customer relationships in other regions.

<sup>65</sup> Xcel, Initial Comments, p. 6 and in Table 2 on p. 7.

<sup>66</sup> To make the values appear less blurry, staff replicated the table from Xcel’s supplement.

<sup>67</sup> The values in the Interruptible Tariff(s) row are the same in both the IRP Initial Filing and IRP Supplement.

Table XIII-1: Demand Response Five-Year Action Plan

						Estimated Cumulative Potential (Gen. MW)			
	Program	Regulatory Path	Status	2017 (Baseline)	2019	2020	2021	2022	2023
Existing Programs	Electric Rate Savings	CIP (admin); Rate Case (discounts)	Existing	503	461	518	519	520	522
	Residential Demand Response (Including Saver's Switch and AC Rewards)	CIP (admin); Rate Case (discounts)	Existing	348	436	460	474	487	498
	AC Rewards (Smart Thermostats) - Incremental Growth above existing projections	CIP	Existing	-	-	14	59	60	61
	Peak Partner Rewards	CIP	Existing	-	-	15	42	45	45
	Small Business Smart Thermostats	CIP	Existing	-	-	3	4	5	9
	<b>Subtotal Existing</b>			851	897	1,010	1,098	1,117	1,135
New Programs	Two-way communication switches - Saver's Switch Technology Update	CIP	2021-2023 Triennial Plan Filing	-	-	-	-	-	19
	Interruptible Tariff(s)	Miscellaneous Filing	Tariff Filing Fall 2020	-	-	-	40	90	115
	<b>Subtotal Expanded and New</b>			-	-	-	40	90	134
Non-Traditional Programs	Grid Enabled Electric Water Heaters	Non-Traditional - TBD	In design, partially allowed as part of Saver's Switch	-	-	-	4	9	13
	Commercial Building Controls (Auto DR)	Non-Traditional - TBD	In design - Currently not cost-effective <sup>68</sup>	-	-	-	10	15	22
	Other	Non-Traditional - TBD	Various programs in design	-	-	-	-	-	-
	<b>Subtotal Non-Traditional</b>						14	24	35
Total Existing, Expanded, New, and Non-Traditional Programs				851	897	1,010	1,152	1,230	1,304
Incremental Program Capacity (Gen. MW)				0	46	159	301	379	453
Incremental Program Capacity with Reserve Margin (MW)									469

What is also noteworthy about the table above is that most of the incremental DR is expected to go through the CIP regulatory path. Of the roughly 470 MW of incremental DR from various programs listed in the table, at least 300 MW is expected to come from CIP programs (Xcel's non-traditional DR programs do not yet have an identified regulatory path).<sup>69</sup> This means that only one of Xcel's DR options is expected to require Commission approval.

It would be reasonable to consider Xcel's DR Action Plan and conclude that the Company is taking the necessary steps to comply with the Commission's requirements, or at the very least that it is premature to determine that Xcel faces a serious noncompliance risk. At the same

<sup>68</sup> Commercial Building Controls (Auto DR) was not modeled in the 2019 Potential Study as cost effective. We have assumed these estimates based on 1/2 of the technical potential available (accounting for potential overlap with other programs). The cost-effectiveness is largely dependent upon system and integration costs the Company believes will come down in the next several years.

<sup>69</sup> For this calculation, staff compared 2023 values to the 2017 baseline and did not include non-traditional programs.

time, one could agree that AEMA's concerns about timing are legitimate, and there is more urgency in Xcel implementing its DR Action Plan than the Company has acknowledged.

In part, this is because assessing the Company's ability to comply by 2023 requires a good deal of confidence in the accuracy of Xcel's forecasts. According to Xcel's March 2020 estimates provided in Table 1 of its Initial Comments (also shown on page 7 of the briefing papers), "actual" incremental DR is much less the "forecasted" incremental DR, so the Company still has a long way to go to achieve the Commission's requirement:<sup>70</sup>

**Table 1: Xcel Energy Demand Response Portfolio (Gen. MW)**  
**March 2020 Estimates**

	2017 Actual	2018 Actual	2019 Actual	2020 <i>Forecast</i>	2021 <i>Forecast</i>	2022 <i>Forecast</i>	2023 <i>Forecast</i>
Total Controllable Load	851	824	897	1,010	1,158	1,231	1,304
Cumulative Incremental Load	0	(27)	46	159	307	380	453

If there is lower-than-expected participation and/or load reduction in new and expanded CIP programs – the core of Xcel's DR acquisition strategy – this might require Xcel to increase the program growth ramp of other programs, such as its interruptible rate program. No party disputed AEMA's claim that it takes significant time for DR programs to be designed, approved, rolled-out, and fully subscribed. And while Xcel provided a robust menu of DR options under consideration, Xcel acknowledged that the total amount of DR it ultimately realizes will depend, in part, on "customer acceptance,"<sup>71</sup> which is uncertain.

Another possibility is that the interruptible tariff Xcel plans to file could be unacceptable to approve. If the Commission requires Xcel to fix whatever problems might exist with future filings, this would require a longer regulatory process than Xcel may currently envision, thus allowing less time for the program growth ramp.

The point is that AEMA is willing to accept Xcel's and the Department's preferred procedural path, but in the interest of time and stakeholder resources, AEMA requests the Commission ensure the interruptible rate program proceeds in a timely manner by going through a miscellaneous docket, not in a rate case and not until after the IRP process concludes. Staff agrees with AEMA that timing is an important consideration.

### *C. DR Aggregation*

There was some discussion in the record about DR aggregation. However, most of this discussion came *after* AEMA's Petition was filed, largely in response to CEEM's comments. AEMA clearly stated that its Petition is not seeking to revisit the Commission's previous decision regarding DR aggregation:

<sup>70</sup> Xcel Initial Comments, p. 5.

<sup>71</sup> AEMA Petition, p. 6.

To be clear, AEMA is not asking the Commission to reconsider its 2010 order with respect to FERC Order 719 by filing this Petition. AEMA does not intend to seek reconsideration of that order. Rather, AEMA is interested in pursuing opportunities to work directly with utilities, including Xcel, which is allowed under that 2010 order.<sup>72</sup>

As mentioned previously, CEEM discussed DR aggregation by noting its benefits and other regulatory actions that enabled third-party aggregation. This prompted Xcel, in Reply Comments, to provide a lengthy discussion about why the Company does not believe introducing third-party support or aggregation services in Minnesota is necessary or in the public interest.<sup>73</sup> AEMA noted in its Reply Comments that “AEMA is interested in allowing aggregators to work directly with utilities to facilitate broader customer participation.”<sup>74</sup> The City of Minneapolis also suggested that a miscellaneous docket could allow for further exploration of aggregation.

Staff advises the Commission to avoid addressing DR aggregation at this time and in this docket. AEMA only referenced the issue narrowly in its Petition to state that it is not seeking reconsideration of the Commission’s 2010 Order, and if parties were aware that the topic of DR aggregation would be before the Commission, presumably they would have commented on it.

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

**Decision Option 1** is AEMA’s original request from its Petition, requesting the Commission initiate a proceeding to adopt a DR tariff, or tariff revisions. Staff notes that AEMA’s Reply Comments supported the Department’s recommendation, but AEMA did not withdraw its original request. Staff presumes AEMA would still support, in addition to the planned interruptible rate Xcel plans to file in Fall 2020, another miscellaneous docket requiring Xcel to file a new DR tariff, but AEMA did not directly address this in Reply Comments.

**Decision Options 2, 3, and 4** contemplate a modified scope for the instant docket. Option 2 is the formal action of dedicating a docket (either this one or another) to monitor compliance, Option 3 establishes the February 1 of 2021 and 2022 deadlines for compliance filings – with the Department’s proposed list of information – and Option 4 grants the Executive Secretary authority to modify deadlines. For Decision Option 3, staff added the docket numbers for the 2019 IRP (19-368) and the instant docket (20-421) to reflect the Department’s recommendation that Xcel make the compliance filings in both dockets.

Of note, as discussed previously, CEE and CEEM filed only Initial Comments, while others filed only Reply Comments. To some extent, the Department’s and Xcel’s Initial Comments influenced where parties currently stand, so the reason why some parties are listed as being

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<sup>72</sup> AEMA Petition, p. 11.

<sup>73</sup> Xcel Reply Comments, p. 5.

<sup>74</sup> AEMA Reply Comments, p. 6.

supportive of Decision Options 2 and 3 but not Option 1 (and vice versa) could simply be attributable to the point in time when that party filed comments.

**Decision Options 5 and 6** pertain to Xcel's forthcoming interruptible rate filing. Option 5, which was discussed in AEMA's Reply Comments, would require Xcel to file the rate as a miscellaneous docket. Option 6 incorporates the Department's recommendation, which AEMA supported, to require Xcel to file details of its CIP-qualifying projects used to meet the Commission's 400 MW requirement.

Staff notes that it is quite possible any Commission action on Options 5 and 6 might not be issued by written order until after Xcel files a petition for approval of an interruptible rate. Perhaps as an alternative to incorporating these options into its motion, the Commission could convey to Xcel at the Commission meeting what it expects in an approaching tariff filing.

**Decision Option 7** is Xcel's recommendation that the Commission deny AEMA's Petition and avoid any additional process as it relates to Xcel's DR compliance.



## VI. Decision Options

1. Initiate an expedited proceeding in the form of a miscellaneous docket to adopt a demand response tariff, or tariff revisions, to comply with the Commission's January 11, 2017 Order issued in Docket No. E-002/RP-15-21. *(AEMA, CEEM)*
2. Dedicate a docket, either a new docket or this docket, to monitor Xcel's compliance toward fulfilling the 400 MW requirement under the Commission's 2017 IRP Order. *(AEMA, Department, FE, Minneapolis, OAG)*
3. Require Xcel to file a compliance filing in Docket Nos. 19-368 and 20-421 on several topics by February 1, 2021 and February 1, 2022. The list of topics shall include:
  - a. the status of stakeholder meetings (if any);
  - b. a list of expected product offerings;
  - c. the status of product offering development;
  - d. a date, or estimated date, of regulatory filing;
  - e. demand response implementation status;
  - f. demand response subscription level status and forecasts; and
  - g. time-of-use and critical peak pricing product status or learnings from Advanced Metering Infrastructure pilots. *(Department, AEMA, FE, Minneapolis, OAG)*
4. Delegate authority to the Executive Secretary to modify compliance filing deadlines. *(Staff)*
5. Require Xcel to file its interruptible tariff as a miscellaneous docket. *(AEMA, Minneapolis)*
6. Require Xcel to include in its interruptible tariff filing details of its programs that qualify for cost recovery through the Company's Conservation Improvement Plan (CIP). *(AEMA, Department)*
7. Deny AEMA's request for additional process in this Miscellaneous Docket. *(Xcel, CEE)*