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Xcel Energy

Case No.: EL15-014

Response To: South Dakota Public Data Request No. 2-1

**Utilities Commission** 

Requestor: Karen Cremer Date Received: June 17, 2015

## Question:

Referring to Xcel's response to Data Request 1-4, please explain how the present situation driving the need for the cancellation charge waiver request differs from the original purpose of the cancellation charge as described in response to data request 1-4.

## Response:

As noted in Data Request 1-4, the purpose of the cancellation charge is to offset additional associated short-term peak capacity requirements that can occur without adequate advance planning notice to ensure an economic replacement for the lost interruptible load.

The purpose of the cancellation charge remains relevant, which is why the Company has not requested to permanently remove the charge. However, in order to have the most accurate information for use in registering the total amount of demand response resources, rather than relying on customers to proactively adjust their Predetermined Demand Level (PDL) or remove themselves from the program, we would like to concentrate attention to the matter and give all customers the same one-time opportunity to revisit their program participation. Since the Company has had minimal control events over the past five years, there has been limited opportunity for customers to realize the opportunity cost of making an adjustment such as switching rates prior to increased control.

Additionally, the Company notes that we do not believe we will have a significant number of customers cancelling from the program, but rather will have customers adjust their PDL. The penalties can be significant in this regard depending on the adjustment. In order to "right size" the program, we hope to incent customers to

make changes in 2015 to their contracts prior to our registration deadline in February 2016, and increased likelihood of control in 2016.

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