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Xcel Energy

Docket No.: EL11-019

Response To: SDPUC

Data Request No.

Requestor:

1-27

Date Received: December 2, 2011

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Question:

In determining the Company's 2007 resource plan, did wind compete with all other alternatives, renewable and non-renewable? Please explain.

Response:

In Resource Planning, we examined the overall impact of compliance with the combined Renewable Energy Standards and Objectives of the five jurisdictions we serve. We compared 15-year scenarios reflecting renewables compliance with scenarios with no additional renewables. We also tested the affect of important assumptions in the analysis. For example, we tested the impact of Production Tax Credits on our renewables plan. Our program of renewables acquisition was more cost effective than the alternative of not pursuing any more wind power, provided federal production tax credits continued. The outcome of resource planning is not an actual selection of a new resource. Our work in resource planning is a programmatic assessment to examine whether it is reasonable to proceed to actual acquisition which is the step where competition among resources occurs. When we acquire individual wind projects through competitive bids or other competitive processes, we focus the analysis further by comparing actual project proposals against other wind projects as well as other, non-renewable resource options.

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Date: December 20, 2011