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Xcel Energy

Data Request No. 1-15

Docket No.: EL20-026

Response To: South Dakota Public Utilities Commission

Requestor: Patrick Steffensen

Date Received: October 27, 2020

Question:

Refer to Table 2 and Table 3 on page 3 of Attachment 9A.

- It appears the two tables are identical. Is that accurate?
- Explain the negative amounts in the 2018 and 2019 columns of the “New Ownership Wind, 300 MW” line.
- How does Xcel define Wind Congestion Costs, Wind Integration Cost, and Wind Coal Cycling Costs and how are they calculated?
- Explain the \$15.4 million Capacity Cost Savings in 2027 and the assumptions Xcel uses. Does this savings continue for the life of the project?

Response:

- We appreciate Staff bringing the duplicate tables to our attention. The updated costs were incorrectly provided in Table 2 instead of the costs as initially filed in North Dakota. A corrected Table 2 is provided below:

**Table 2: Incremental Revenue Requirement Impact Proposed Project
- Initial
(\$millions)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
New Ownership Wind, 300 MW	(1.1)	(0.4)	1.4	2.1	23.8	23.9	23.9	24.8	19.6	6.3
Capacity Cost Savings	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(16.3)
Production Cost Savings	0.0	0.0	0.0	(0.8)	(12.8)	(13.2)	(8.8)	(14.1)	(6.4)	(1.1)
MISO Purchases	0.0	0.0	0.0	(0.6)	(2.2)	(2.5)	(6.8)	(3.4)	(6.7)	(11.0)
MISO Sales	0.0	0.0	0.0	(0.5)	(5.9)	(8.5)	(11.1)	(10.4)	(17.4)	(16.7)
Wind Congestion Costs*	0.0	0.0	0.0	0.3	3.4	3.5	3.6	3.6	3.7	3.8
Wind Integration Costs	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6
Wind Coal Cycling Costs	0.0	0.0	0.0	0.1	1.7	1.8	1.8	1.8	1.9	1.9
Net Costs	(1.1)	(0.4)	1.4	0.6	8.6	5.6	3.2	3.1	(4.6)	(32.4)

* Congestion Costs reflected as cost adder to wind generation rather than lower generator LMP.

- b. The revenue requirement model used for Dakota Range calculates a return on CWIP less AFUDC offset during the construction period. This results in a nominal negative value in some years during the construction period. We note that we do not recovery CWIP in the infrastructure rider.
- c. Attachment A provide a summary of the assumptions used in the Strategist modeling conducted to analyze the impacts of the addition of Dakota Range including explanation of the assumptions for Wind Congestion Costs, Wind Integration Cost, and Wind Coal Cycling Costs. Each cost is an input to the model. We note that Attachment A was provided in the North Dakota proceeding in Docket No. PU-17-372.
- d. The capacity cost savings is an output of the Strategist modeling and represent the capacity costs avoided due to the addition of Dakota Range. In the modeling, a combustion turbine is deferred from 2027 to 2028. Pages 20 of Attachment A provides the expansion plan under the base assumptions and with the Dakota Range additions. Costs associated with capacity avoided or deferred due to the addition of Dakota Range account for the “Capacity Cost Savings.”

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