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Xcel Energy

Data Request No. 2-4

Docket No.: EL20-026

Response To: South Dakota Public Utilities Commission

Requestor: Patrick Steffensen

Date Received: November 17, 2020

Question:

Refer to Xcel's response to DR 1-5, part b.

- a. Provide a graph similar to that shown in Figure 1 for each of the wind farms analyzed in Attachment 12B.
- b. Provide a table similar to that shown in Table 2 for each of the wind farms analyzed in Attachment 12B and that shows each of the years of the wind farm's useful life.
- c. Provide a net present value calculation for each of the wind farms derived from the annual net benefits/costs provided in DR 2-3, part b.

Response:

Please see Attachment A to this response. The graph and table provided in DR 1-5 are based on analysis for our 1550 MW wind portfolio, which included Lake Benton, Blazing Star 1, and Foxtail. We analyzed the impacts to our system based on the total proposed portfolio as well as on an individual basis. The impacts of individual projects will vary depending on the order each project is added to the model, therefore, we believe the analysis that combines all projects included in the 1550 MW wind portfolio provides a better forecast of benefits of the total portfolio than an analysis of each individual project. Attachment A extends Table 2 through each wind farm's useful life and the 1550 MW portfolio as a whole.

Attachment A also includes data for the Strategist analysis used to support the acquisition of Courtenay and Borders. The PVRR impacts of the addition of Borders as provided in Case Nos. PU-13-742 and PU-13-743 in North Dakota is provided below:

Borders Wind
Table 1: PVRR Results (\$millions)

	Base	Low Gas	\$0/ton CO2	Markets Off	30 Year Operating Life	20 Year Operating Life	+5% Capacity Factor	-5% Capacity Factor	+25% On-Going Ownership Costs	-25% On-Going Ownership Costs
Base Case	\$40,412	\$37,235	\$40,412	\$40,720	\$40,382	\$40,472	\$40,395	\$40,428	\$40,443	\$40,407
Border Winds	\$40,366	\$37,243	\$40,366	\$40,660	\$40,309	\$40,451	\$40,340	\$40,393	\$40,411	\$40,348

Table 2: Incremental PVRR Results from Base Case (\$millions)

	Base	Low Gas	\$0/ton CO2	Markets Off	30 Year Operating Life	20 Year Operating Life	+5% Capacity Factor	-5% Capacity Factor	+25% On-Going Ownership Costs	-25% On-Going Ownership Costs
Base Case	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Border Winds	(\$45)	\$8	(\$45)	(\$60)	(\$74)	(\$20)	(\$55)	(\$35)	(\$32)	(\$58)

Attachment A provides data for the Border Winds Base assumptions shown in Tables 1 and 2 above.

The PVRR impacts of the addition of Courtenay as provided in Case No. PU-15-174 in North Dakota is provided below:

Courtenay Wind
Table 1: PVRR Results (\$millions)

<u>PVRR, Current Assumptions (\$M)</u>	Base	Low Gas	High Gas	Markets On	30 Year Operating Life	20 Year Operating Life	+5% Energy Production	-5% Energy Production	Capital Sensitivity 1	Capital Sensitivity 2	+25% On-Going Ownership Costs	-25% On-Going Ownership Costs
Base Case (No Project)	\$46,015	\$43,248	\$50,002	\$45,519	\$46,015	\$46,015	\$46,015	\$46,015	\$46,015	\$46,015	\$46,015	\$46,015
Courtenay Own	\$45,918	\$43,198	\$49,844	\$45,447	\$45,909	\$45,995	\$45,872	\$45,949	\$45,935	\$45,952	\$45,939	\$45,897

Table 2: Incremental PVRR from Base Case (\$millions)

<u>PVRR Delta, Current Assumptions (\$M)</u>	Base	Low Gas	High Gas	Markets On	30 Year Operating Life	20 Year Operating Life	+5% Energy Production	-5% Energy Production	Capital Sensitivity 1	Capital Sensitivity 2	+25% On-Going Ownership Costs	-25% On-Going Ownership Costs
Courtenay Own	(\$97)	(\$50)	(\$159)	(\$72)	(\$106)	(\$20)	(\$143)	(\$66)	(\$80)	(\$63)	(\$76)	(\$117)

Attachment A provides data for the impacts for the Courtenay Own base assumptions shown in Tables 1 and 2 above.

Finally, we note that resource planning and acquisition determinations necessarily require reliance on forecasts of market conditions. We run scenarios that analyze variation in forecasts, such as lower gas and market energy costs, and higher curtailment. The tables above provide the PVRR summary of the scenario analyzed for our acquisition of Borders and Courtenay. A PVRR summary of scenarios for the 1550 MW wind portfolio as provided in our Supplement in North Dakota Case No.

PU-17-120 is shown below. While some scenario showed lower benefits than our bases assumptions, all scenarios resulted in net benefits to our system.

Table 2: Updated Incremental PVRR Savings from Reference Case (\$M)

	PVRR				
	Mkts On	Mkts Off	Mkts Off	Mkts On	Mkts Off
		Dump Energy Credit	No Dump Energy Credit		Preferred Plan
	Base			Low Gas	Renewables
Reference Case	0	0	0	0	0
BOT Crown Ridge	(245)	(231)	(206)	(137)	(209)
PPA Crown Ridge	(317)	(302)	(278)	(209)	(280)
Lake Benton	(50)	(65)	(63)	(12)	(69)
Clean Energy	(38)	(43)	(37)	(9)	(64)
Blazing Star 1	(159)	(178)	(160)	(72)	(179)
Blazing Star 2	(144)	(163)	(148)	(57)	(182)
Foxtail	(109)	(128)	(117)	(44)	(137)
Freeborn	(131)	(154)	(142)	(50)	(156)
All	(1,408)	(1,342)	(1,115)	(856)	(1,198)

Pursuant to South Dakota Admin. R. 20:10:01:41, we provide the following support for our request to classify certain information marked above as confidential trade secret data.

- (1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested.**

We request confidential treatment of the curtailment information contained in Data Request No. 2-4 on the grounds that the material is trade secret information, the disclosure of which could result in damage to the Company's financial or competitive position with respect to negotiations with parties for the purchase of power. Curtailment pricing is negotiated under the terms of a Power Purchase Agreement and is not available to the general public.

- (2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment.**

The Company requests that Data Request No. 2-4 be recognized as trade secret data in perpetuity.

- (3) The name, address, and phone number of a person to be contacted regarding the confidentiality request.**

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- (4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future.**

The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of “trade secret” under S.D. Codified Laws Chapter 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that “Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”

- (5) The factual basis that qualifies the information for confidentiality under the authority cited.**

Curtailment pricing derives independent economic value from not being generally known as negotiating parties could use the information to their advantage in future power purchase transactions.

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Date:	November 30, 2020	