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Xcel Energy		Data Request No. 3-1
Docket No.:	EL20-026	
Response To:	South Dakota Public Utilities Commission	
Requestor:	Patrick Steffensen	
Date Received:	December 7, 2020	

Question:

Refer to Xcel's response to DR 2-3.

a. Did Xcel take into account the decreased value of the PTCs and erosion of customer benefits due to the TCJA in all the cost-benefit and net present value analysis provided in this docket and discovery? Do all wind projects still have a net benefit when the effects of the TCJA are taken into account? Explain.
b. Does Xcel only negotiate procurement arrangements to the point where there is a net benefit to customers, or does it seek out all cost savings during negotiations? Why were the alternative technology options not explored before?

Response:

a. Yes. The analysis of the 1550 wind portfolio was updated to include the impacts of the TCJA, and the projects have a net benefit when those impacts are taken into account. Table 2 of the response to DR 2-4 included the updated impacts of the TCJA. Subsequent acquisitions included the impacts of the TCJA when calculating the revenue requirement. The analysis provided for Dakota Range, Jeffers and CWN, and Mower in Attachments 9A, 9B, and 9C in the Petition, respectively, reflect the impacts of the TCJA. We note that Courtenay and Borders were acquired before the passage of TCJA and therefore, analysis related to Courtenay and Borders reflects the pre-TCJA tax rates in effect at the time.

b. Freeborn and Blazing Star II were part of our 1550 MW wind portfolio and were acquired through an RFP process. We issued an RFP to meet the identified need and acquired the best projects based on our evaluation of the bids received. Additional detail on the process used to acquire the 1550 MW portfolio can be found in the response and attachments to DR 2-12 in Docket No. EL18-040.

The benefits associated with our 1550 MW wind portfolio were and continue to be expected to far exceed the costs. However, the wind development industry faced additional pressures due to the passage of the TCJA that provided us with opportunities for additional cost savings. The 2016 Master Services Agreement (MSA) we negotiated with Vestas relied on the 2.0MW V110 technology, which we used to qualify the projects at the 100% PTC level. At that time, Vestas was still working to validate the 2.0MW V116 technology, but expected to be able to utilize the V116 for the 2019 build schedule for Blazing Star 1 and Foxtail as well as for Freeborn and Blazing Star 2 in 2020. Additionally, the V120 and V150 technology were in the early stages of development when we executed the MSA in 2016. It was only when we were able to re-open the contract due to pressure from the TCJA that we considered the newer technology of the V120 for Foxtail, Blazing Star 1 and Freeborn and the V150 for Blazing Star 2.

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