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Xcel Energy Data Request No. 1-2  
Docket No.: EL23-017  
Response To: South Dakota Public Utilities Commission Staff  
Requestor: Eric Paulson  
Date Received: August 4, 2023

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Question:

Refer to Attachment B, Page 2 of 4, explain the significant increase in the Estimated System Average Incremental Energy Costs for 2023 in both tables.

Response:

The increase identified reflects changes in Marginal Energy Pricing between 2021 and 2023 due to increases in forecasted market energy and natural gas pricing. The corporate marginal energy forecast vintage, used as the data source for the 2023 South Dakota Cogeneration filing, was compiled in early 2023 and reflects the higher market energy costs seen in 2022. Therefore, the incremental energy costs are higher than those of the previous filing. The recent declines in natural gas costs and market energy pricing were not reflected in the forecast vintage used in this filing. We update the market energy price forecast twice annually. The Fall 2023 forecast update for marginal energy may result in lower incremental energy costs.

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