

Attachment D: Avoided Costs

To determine the cost effectiveness of the Company's 2027 DSM Plan, avoided costs must be developed to determine the benefits of various measures to the Company's system.¹ The following sources of information are used for the company's 2027 benefit/cost models:

- **Capacity Cost (\$/kW-Year):** Midwest Independent System Operator's (MISO) Cost of New Entry (CONE) value from 2026-2027 for region 1. The all-in cost is \$134.16 per kW in 2027, escalated at 2.67 percent each year.
- **T&D Cost (\$/kW-Year):** The value is based on a 2017 T&D study with updated cost information with a 2027 value of \$16.85 and an escalation of 2.36 percent each year.
- **Marginal Energy System Load Weighted Average (\$/kWh):** Based off the October 2025 update to the 2024 upper Midwest resource plan assumptions

2027 MN/SD Avoided Cost Streams – Nominal Dollars

Year	Capacity Cost (\$/kW-Year)	T&D Cost (\$/kW-Year)	Marginal Energy System Load Weighted Average (\$/kWh)
2027	\$134.160	\$16.845	\$0.032
2028	\$137.742	\$17.238	\$0.031
2029	\$141.420	\$17.648	\$0.030
2030	\$145.196	\$18.066	\$0.025
2031	\$149.072	\$18.492	\$0.026
2032	\$153.053	\$18.925	\$0.027
2033	\$157.139	\$19.377	\$0.029

¹ Generally, these avoided costs align with the avoided costs used in the Company's Energy Conservation and Optimization (ECO) Programs offered in Minnesota. For a more detailed discussion of the derivation of these avoided costs please refer to *Appendix 1: Electric Utility System Impacts* found in the Company's June 15, 2026 initial filing electronically filed in Minnesota Docket No. E,G002/CIP-26-110.

Year	Capacity Cost (\$/kW-Year)	T&D Cost (\$/kW- Year)	Marginal Energy System Load Weighted Average (\$/kWh)
2034	\$161.335	\$19.836	\$0.030
2035	\$165.642	\$20.305	\$0.027
2036	\$170.065	\$20.782	\$0.025
2037	\$174.606	\$21.268	\$0.028
2038	\$179.268	\$21.773	\$0.027
2039	\$184.054	\$22.287	\$0.028
2040	\$188.968	\$22.811	\$0.028
2041	\$194.014	\$23.344	\$0.029
2042	\$199.194	\$23.898	\$0.027
2043	\$204.513	\$24.462	\$0.029
2044	\$209.973	\$25.036	\$0.030
2045	\$215.579	\$25.631	\$0.032
2046	\$221.335	\$26.237	\$0.030