



2302 Great N. Drive
Fargo, North Dakota 58102
(701) 241-8632
dave.sederquist@xcelenergy.com

June 9, 2015

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 59505-0480

**Re: Ex-Parte Communications Regarding Resource Plan and
Courtenay Wind Project Dockets
(Case No.'s PU-15-019, 173, 174, 175, 181, 183)**

Dear Mr. Nitschke:

Northern States Power Company (NSP), doing business as Xcel Energy, respectfully provides information regarding ex-parte communication that occurred between Company employees and the Commissioners and staff of the North Dakota Public Service Commission.

At its summer Periodic Information Exchange on June 3, Company officials (see attached agenda) presented updates of the Company's 2015 Resource Plan and the regulatory process in Minnesota related to the review of the Courtenay Wind Project being constructed north of Jamestown, North Dakota.

Specifically, Company officials briefed the Commissioners and staff of supplements to the 2015 Resource Plan to reflect decisions made by Minnesota Public Utilities Commission in their recent Competitive Resource Acquisition Process and Certificate of Need dockets. They also provided an update of the procedural status in Minnesota for obtaining approval of the Company's purchase and ownership of the Courtenay Wind Project. The accompanying Powerpoint presentations and audio recording of the meeting are docketed in the above referenced cases.

Please feel free to contact me if you have any questions.

Respectfully,

David H. Sederquist
Sr. Consultant, Regulation and Finance

cc: Illona Jeffcoat-Sacco
Jack Schuh

- 14 PU-15-183 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets
- 17 PU-15-181 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets
- 18 PU-15-175 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets
- 15 PU-15-174 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets
- 4 PU-15-173 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets
- 7 PU-15-19 Filed 06/09/2015 Pages: 24
Ex-Parte communications re resource plan and Courtenay Wind Project dockets

North Dakota Public Service Commission
Periodic Information Exchange Meeting
With Xcel Energy

12th Floor Hearing Room
Capitol Building

Wednesday, June 3, 2015
10:00 a.m. to 11:15 a.m.

Agenda

- Introductions Commissioners
- Opening Comments Chris Clark
President, NSP
- 2016-2030 Resource Plan Supplement Paul Johnson
Director, Resource Planning
Kurt Haeger
Associate Vice President, Resource Planning
- MPUC Courtenay Proceeding Al Krug
Associate Vice-President, State Regulatory Policy
- Minnesota Legislative Activity Rick Evans
Director, Regional Governmental Affairs



2016-2030 Resource Plan Supplement Update

ND Public Service Commission
Periodic Information Exchange Meeting
June 3, 2015

Backdrop to the Planning Landscape

- Baseload retirements in 2030-2035 period
 - Monticello
 - Prairie Island 1 & 2
 - Sherco 1 & 2
- EPA's Clean Power Plan
- Natural gas supply and price
- Technology developments
 - Solar
 - Batteries



Resource Plan Progression

2010 Resource Plan

- Through 2025
- No baseload retirements
- No solar



2015 “Reference Case”

- Extends 2010 Plan through 2030
- Meets forecasted load requirements
- Sustains environmental compliance
- 30% carbon reduction by 2020



2015 “Preferred Plan”

- Considers EPA 111(d)
- Uses low cost CT capacity and preserves natural gas generation expansion
- Achieves a 40% carbon reduction goal by 2030
- Increased solar and wind, decreased coal generation without retirement
- Continued operation of Sherco Units 1&2

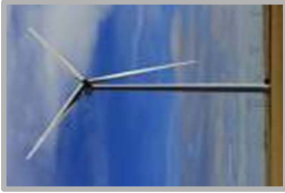
Initial 2015 Resource Plan Filing (January 2)



Solar:
2,400 MW: 1,900 MW of large-scale and 500 MW of customer-driven small-scale



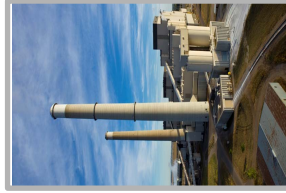
Natural Gas:
1,800 MW: Combustion turbines installed between 2025 and 2028



Wind:
1,800 MW: 600 MW by 2020 & 1,200 MW more by 2030



Nuclear:
Operate Monti and PI plants through their current licenses



Coal:
Gradually decrease reliance on all units through 2030

(Capacities shown are rounded)

Plan Supplemental Filing (March 16)

MPUC CAP Order:

- Aurora: adds 100 MW Distributed Solar, (YE 2016)
- Calpine: 345 MW Nat Gas Comb Cycle Expansion (2019)
- Black Dog: 232 MW Natural Gas CT (2019)

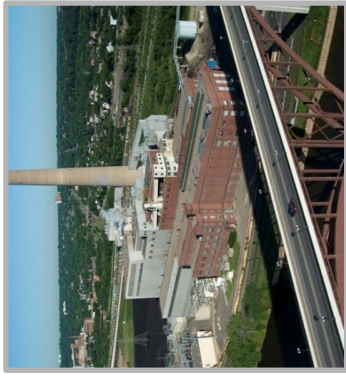
Increase Small Solar Forecast:

- From 90 MW to 290 MW by 2020 to reflect response to Community Solar Gardens Program

Additional Sherco Retirement Scenarios*:

- Retire Sherco 1 & 2 in 2020
- Retire Sherco 1 in 2020, Sherco 2 in 2023

** Per request. Initial filing included 19 pre-2030 retirement scenarios*



Changes in Preferred Plan (March 16)



Solar:

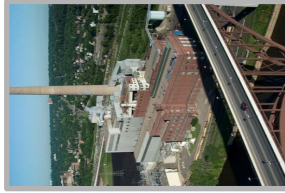
Plan total of about 2,400 MW unchanged, but moved up about 300 MW to 2015-2020

Small Solar:

Increased Solar Gardens capacity by 190 MW in 2015 – 2020 timeframe

Large Solar:

Added 100 MW Aurora Project in 2017 and removed 300 MW in 2024 – 2026.



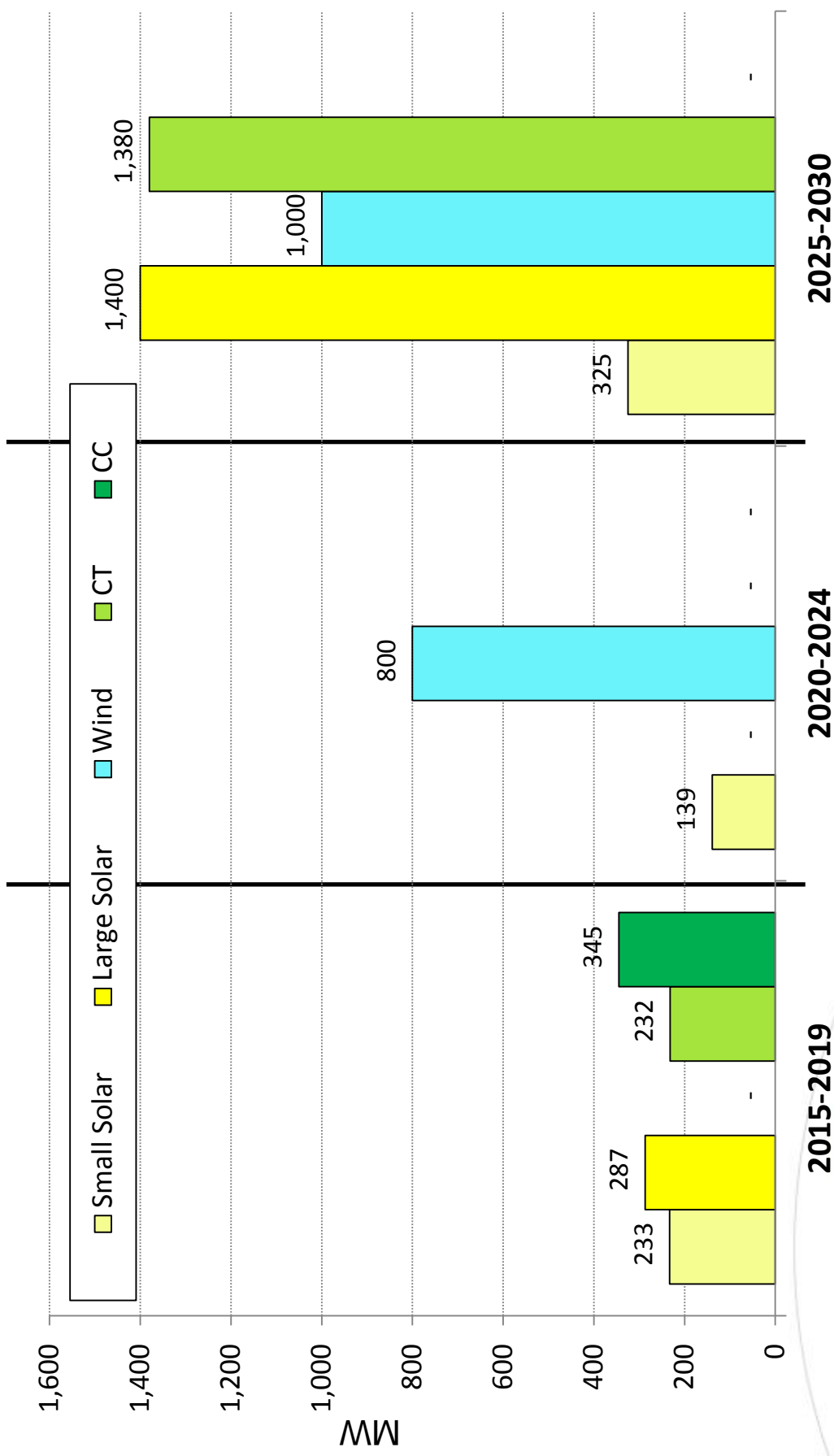
Natural Gas:

Increased total Plan capacity by about 120 MW

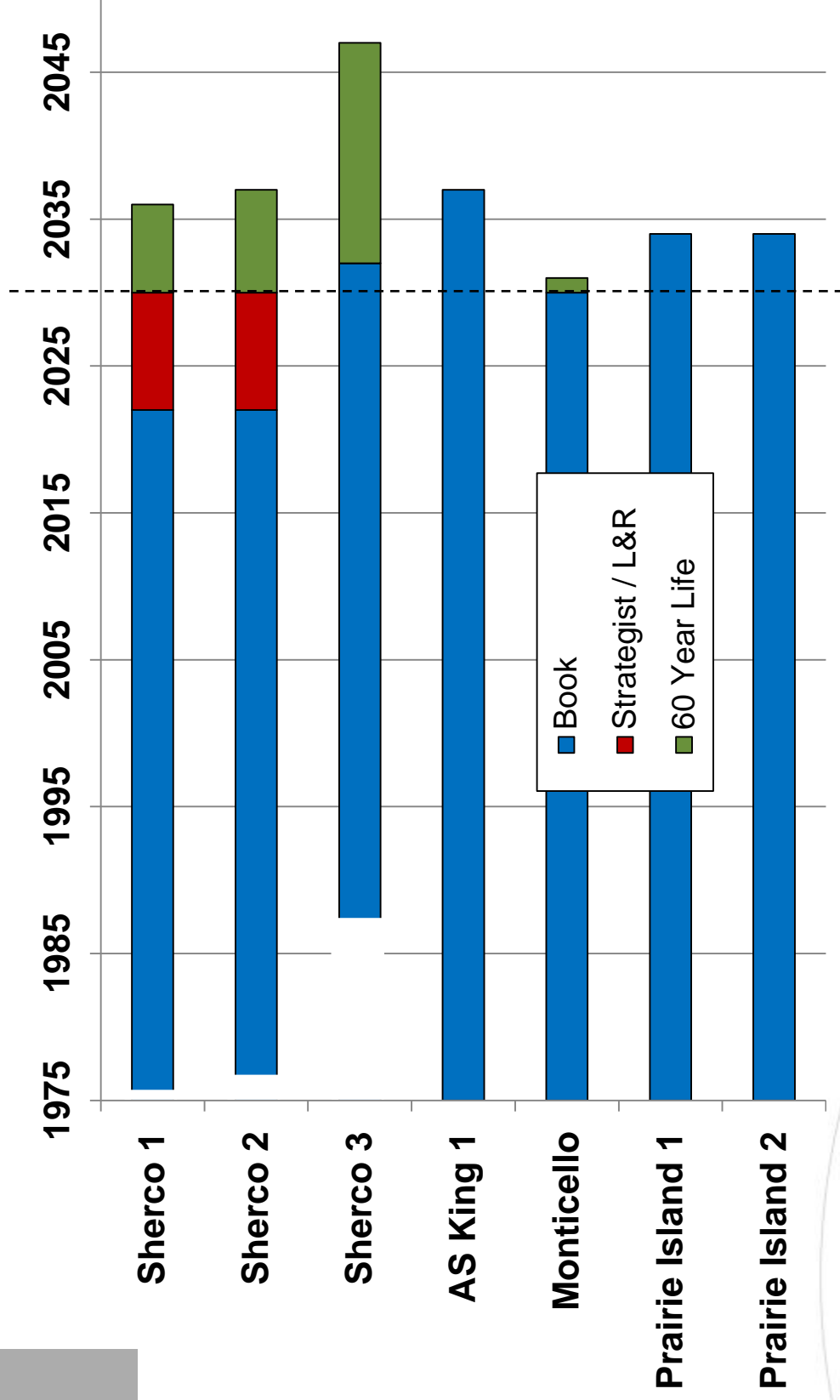
Natural Gas:

Added 345 MW Calpine PPA (CC) and Black Dog 232 MW CT in 2019; removed 460 MW of CTs in 2025

Timing of Expansion Plan Additions

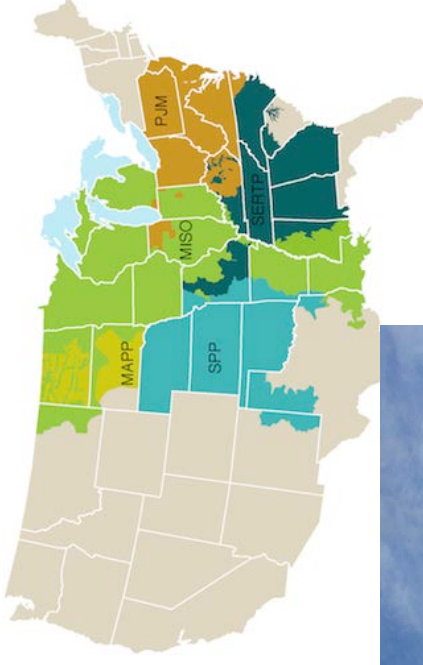


Aging Baseload Plants



Sherco 1&2 Retirement Analysis

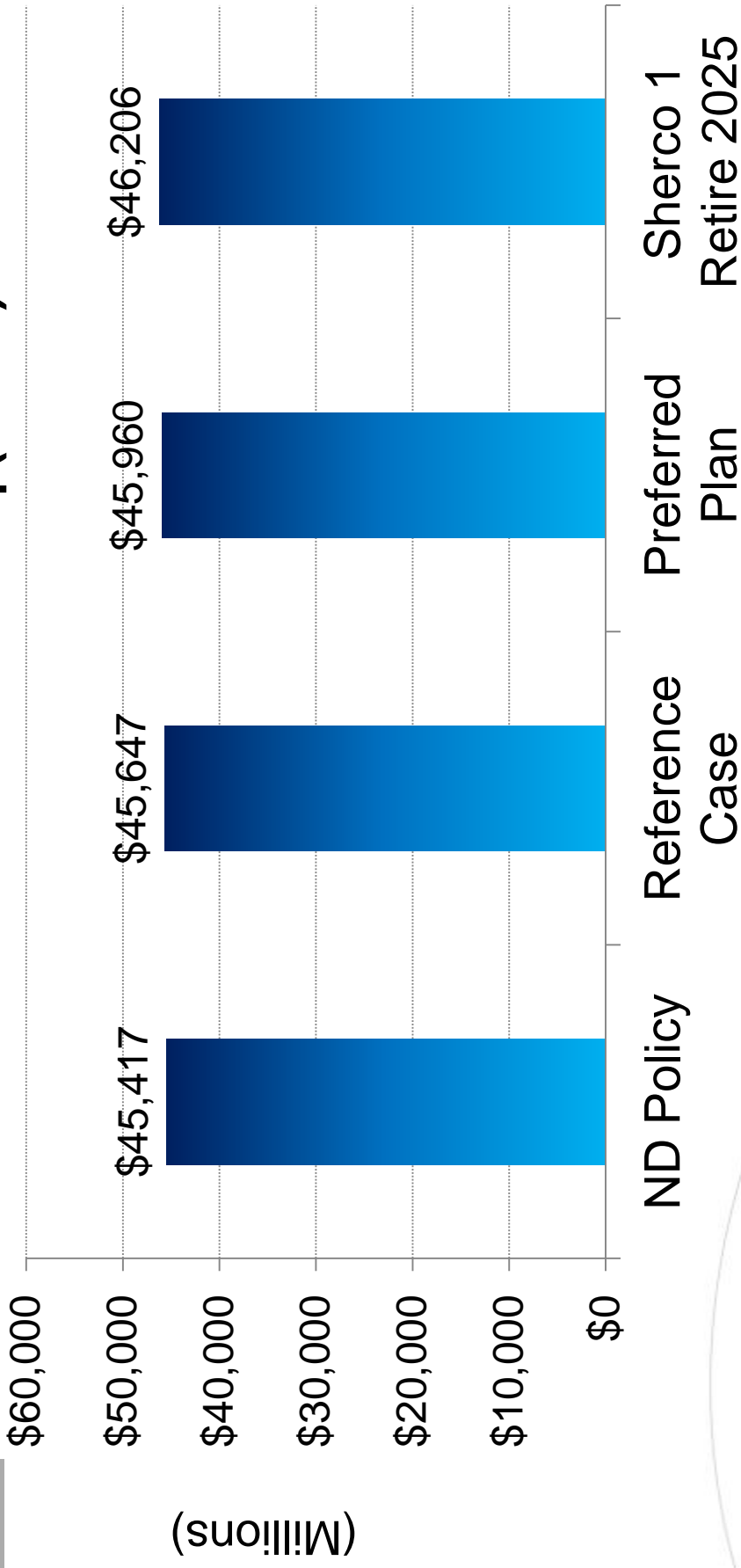
- NSP Sherco 1&2 Lifecycle Study
- Seimens Transmission Impact Study
- MISO Y2 Retirement Study
- Sherco Economic Impact Study (Univ. of Colorado)
- Studies consider policy issues, socioeconomic impacts, various retirement scenarios, and updated assumptions



Economic Comparison

(Total System Costs)

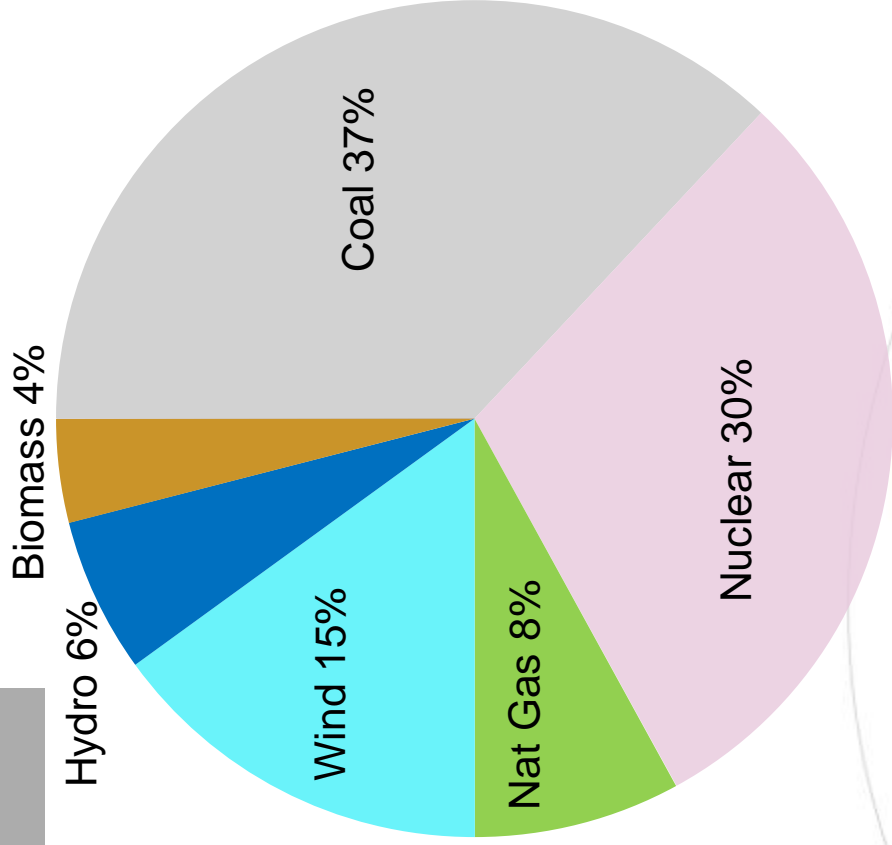
Net Present Value Rev Req (PVR)



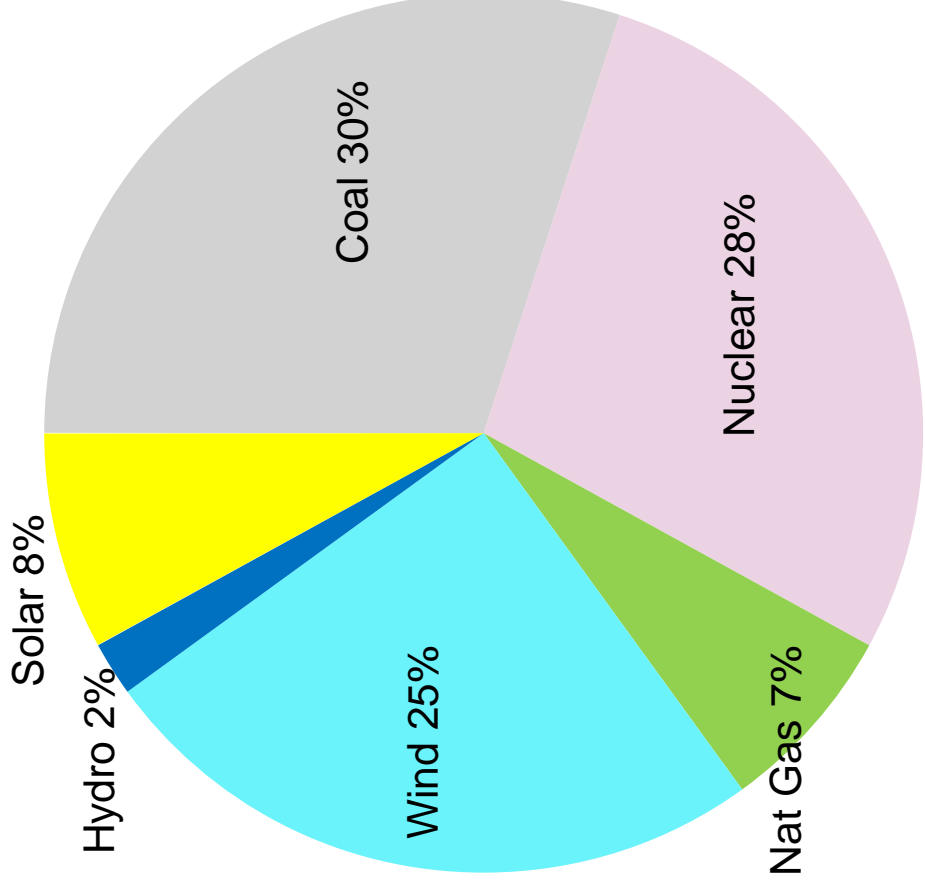
(Excludes externality costs)

Increasing Diversity of Supply

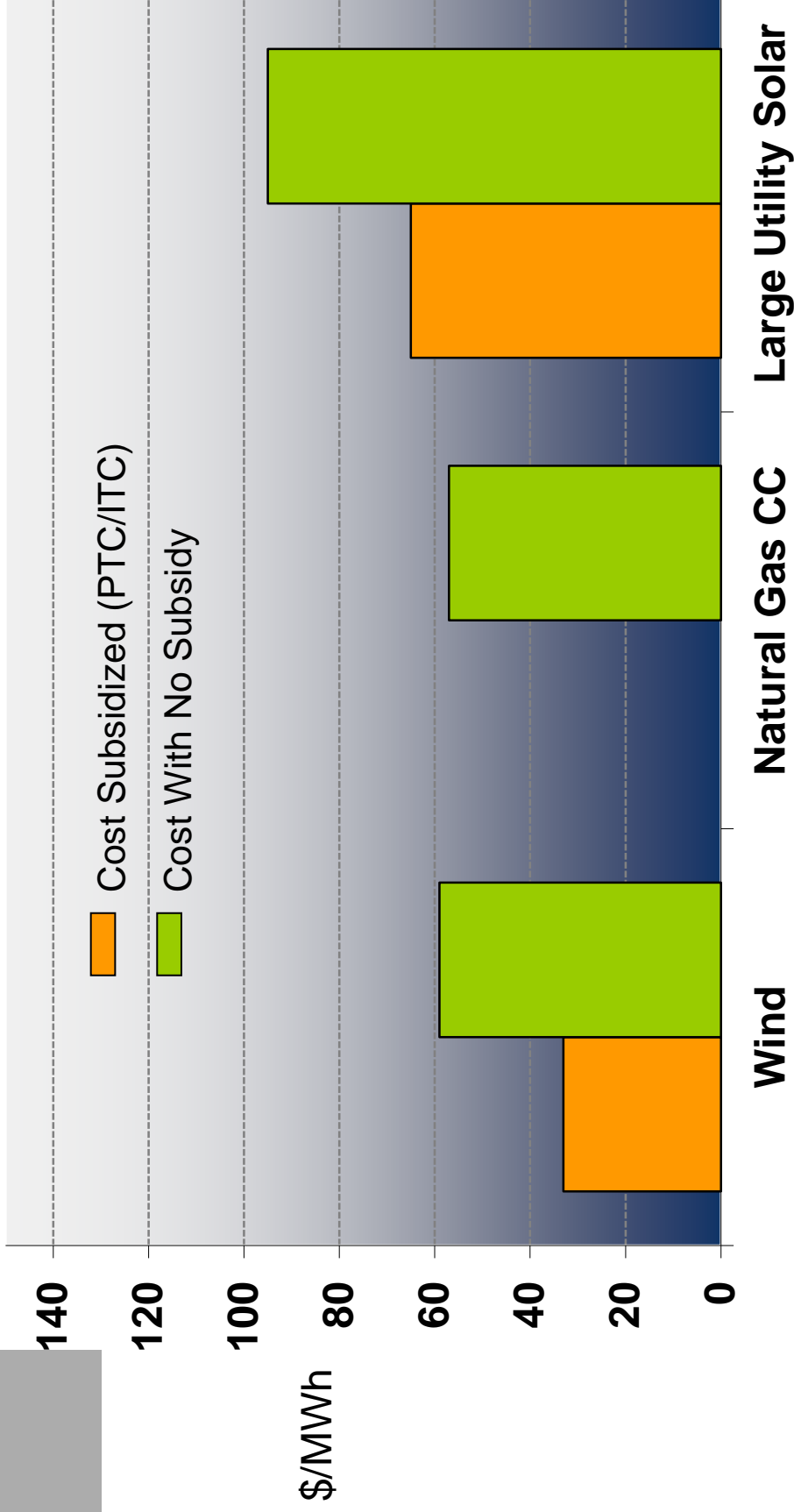
2015



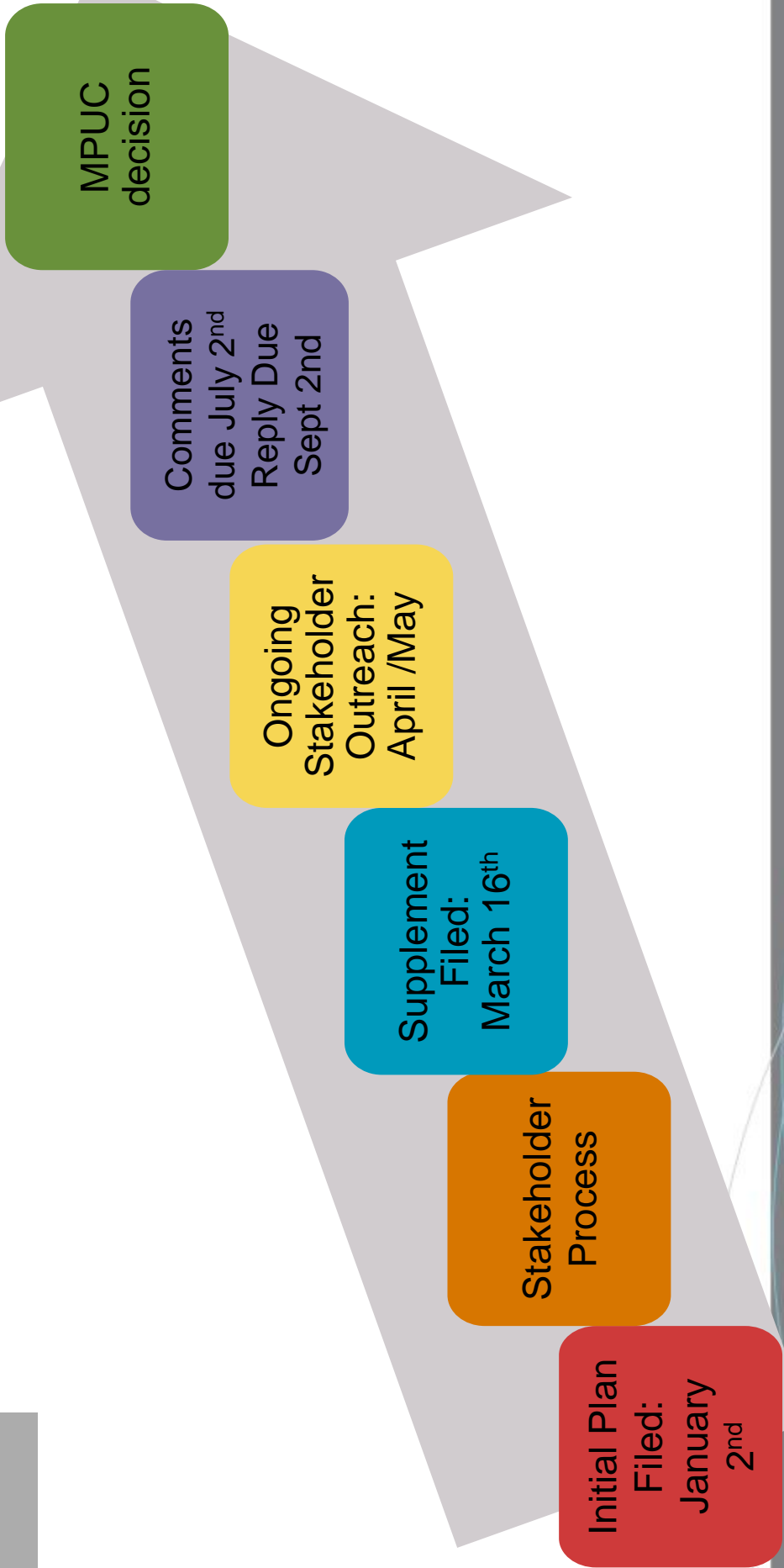
2030



Resource Cost (All In Energy Cost)



MPUC Procedural Schedule





Preferred Plan Expansion Changes

Resource	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Small Solar*	43	45	45	48	52	57	15	18	22	27	32	39	47	57	68	82	697
Large Solar	-	-	287	-	-	-	-	-	-	-	300	200	200	500	-	200	1,687
Wind	-	-	-	-	-	600	-	-	200	-	600	-	400	-	-	-	1,800
CT	-	-	-	-	232	-	-	-	-	-	460	460	230	230	-	-	1,612
CC	-	-	-	-	345	-	-	-	-	-	-	-	-	-	-	-	345

Small Solar: Increased 190 MW from 2015 - 2020

Large Solar: Added 100 MW Aurora Project to 187 MW Solar RFP Projects in 2017 and removed 300 MW in 2024-2026

Wind: No change

Natural Gas: Added Calpine 345 MW CC at Mankato Energy Center and 232 MW Black Dog CT in 2019; removed 460 MW (CTs) in 2025

Economic Ranking with Carbon (PVSC)

SCENARIOS	Conservative Results (\$Million)	Conservative Ranking	Alternative Results (\$Million)	Alternative Ranking
Updated Preferred Plan with PTC	\$51,298	1	\$51,262	1
Updated Sherco Retirement Case-1 Unit 2025 & PTC*	\$51,402	2	\$51,366	2
Updated Preferred Plan	\$52,119	3	\$52,083	3
Updated Sherco Retirement Case-1 Unit 2025*	\$52,223	4	\$52,187	5
New Sherco Retirement Case-1 Unit 2020, 1 Unit 2030*	\$52,258	5	\$52,159	4
New Sherco Retirement Case-1 Unit 2020, 1 Unit 2023*	\$52,429	6	\$52,330	6
Updated Sherco Retirement Case-2 Units 2025*	\$52,435	7	\$52,399	8
Updated Reference Case	\$52,464	8	\$52,422	9
New Sherco Retirement Case-2 Units 2020*	\$52,488	9	\$52,399	7
Updated No Renewable Additions Case	\$52,723	10	\$52,620	10
Updated Reference Case with SCRs	\$52,740	11	\$52,698	11

PVSC = Net Present Value of Societal Costs

* Resource additions identical to Preferred Plan

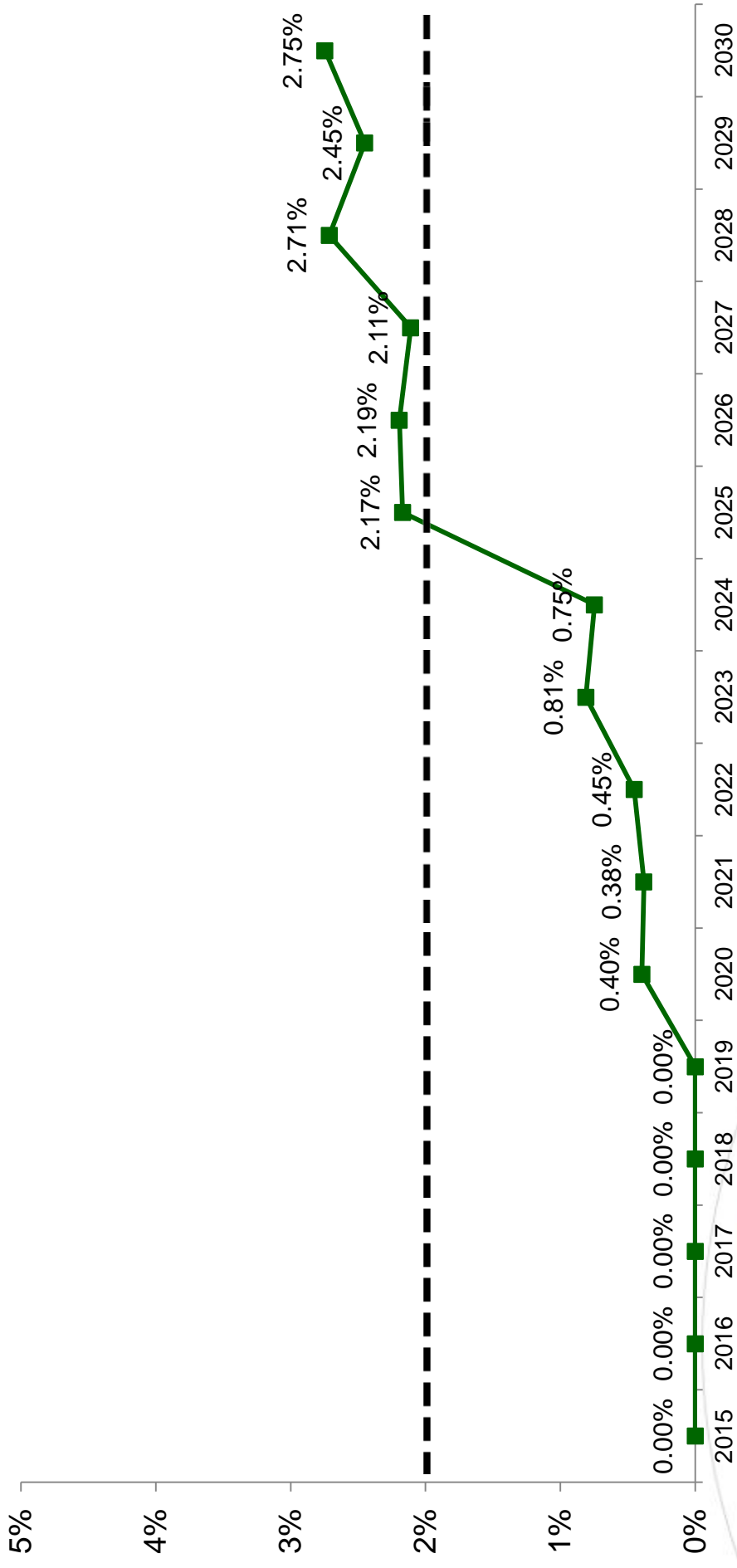
Economic Ranking without Carbon (PVRR)

SCENARIOS	Conservative Results (\$Million)	Conservative Ranking	Alternative Results (\$Million)	Alternative Ranking
Updated Preferred Plan with PTC	\$45,216	1	\$45,181	1
Updated Sherco Retirement Case-1 Unit 2025 & PTC*	\$45,462	2	\$45,426	2
Updated No Renewable Additions Case	\$45,517	3	\$45,473	3
Updated Reference Case	\$45,647	4	\$45,605	4
Updated Reference Case with SCRs	\$45,923	5	\$45,882	5
Updated Preferred Plan	\$45,960	6	\$45,924	6
Updated Sherco Retirement Case-1 Unit 2025*	\$46,206	7	\$46,170	7
New Sherco Retirement Case-1 Unit 2020, 1 Unit 2030*	\$46,370	8	\$46,272	8
Updated Sherco Retirement Case-2 Units 2025*	\$46,636	9	\$46,600	9
New Sherco Retirement Case-1 Unit 2020, 1 Unit 2023*	\$46,798	10	\$46,699	10
New Sherco Retirement Case-2 Units 2020*	\$46,971	11	\$46,878	11

PVRR = Net Present Value Revenue Requirements
 * Resource additions identical to Preferred Plan

Limited Incremental Rate Impact

Incremental Impact of the Preferred Plan vs. the Reference Case
as a Percent of Revenue Requirement





MPUC Courtenay Proceeding, MN Legislative Update

ND Public Service Commission
Periodic Information Exchange Meeting
June 3, 2015

MPUC Courtenay Wind Proceeding

- Minnesota Commission approved our PPA with Geronimo in December 2013
- We submitted a proposal to purchase the project on April 30, 2015
 - We requested expedited review, decision by end of August
 - Initial comments filed June 1, 2015
- MISO Generation Interconnection Agreement default issue now resolved
- In-service deadline is December 31, 2016



MN 2015 Legislative Session

- Legislative realignment in 2014 election
 - Republicans take control of the House of Representatives
 - Senate and Governor remain Democratic
- Initiatives proposed, but not adopted
 - 40% Renewable Energy Standard (RES)
 - Increase Conservation Standard to 2% of retail revenues
- Initiatives adopted (pending special session)
 - Multi-year rate plan reform
 - Net metering reform for Co-ops

