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April 15, 2022

—VIA EMAIL & U.S. MAIL—

Mr. Steven M. Kahl, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: REQUEST FOR COMMENT REGARDING THE INFRASTRUCTURE INVESTMENT AND
JOBS ACT (CASE NO. PU-22-143)

Dear Mr. Kahl:

Northern States Power Co., doing business as Xcel Energy, (the Company) submits the following comments in response to the Commission's Order in the above referenced case. In that Order the Commission requested each investor-owned utility with operations in North Dakota to provide written comments regarding their plans and efforts to take advantage of opportunities made available through the Infrastructure Investment and Jobs Act (IIJA) signed into law on November 15, 2021.

Overview

The IIJA provides an unprecedented increase in funding for the U.S. Department of Energy (DOE) - over \$60 billion in energy and transmission related funds and more for broadband, transportation electrification and other infrastructure. In the months leading up to the passage of the law, the Company worked with the Edison Electric Institute and other organizations to communicate the need for new energy solutions to achieve emissions reductions and improve grid resiliency while protecting customer costs. We believe that this work influenced many aspects of the IIJA including its funding for advanced energy technology.

While the law was signed in November 2021 and includes program appropriations for five years, the details on how those programs will be designed and precisely what they will fund are not yet fully known. Currently, the DOE is focused internally on staffing, organizational structure, and process development so that they can successfully manage and award the funding. In the coming months we expect to learn more from the DOE

about how it will select, award, and manage projects in the near term and during the course of the funding availability.

Potential IIJA Opportunities

In its Order the Commission noted that the IIJA provides opportunities to participate in, and capture the benefits of, financing, contracts, grants, loans, private-public partnerships, and cooperative agreements in the following areas:

- *Energy Efficiency Improvements and Weatherization*
- *Alternative Fueling Infrastructure*
- *Build a Better Grid Initiative and Grid Modernization*
- *Clean Energy Demonstration Projects (i.e., energy storage, carbon capture, etc.)*
- *Preventing Outages and Enhancing the Grid to Ensure Reliability and Resilience*
- *Transmission Development*
- *Energy Improvements in Remote and Rural Areas*
- *Improve Reliability of Transmission and Distribution Systems, Optimize Systems to Avoid Costs of Replacing/Upgrading Infrastructure, Provide Ancillary Services for Grid Stability and Management*
- *Cybersecurity and Protection of Critical Infrastructure*
- *Preservation of Electric Grid or Natural Gas Operations*

The Commission also stated that it is in the public interest for North Dakota natural gas and electric investor-owned public utilities to fully consider opportunities that the IIJA may provide to promote safe, reliable, and affordable service. While the bill included project categories and a few examples of applicable project types, it does not contain the level of detail necessary to identify specific opportunities for Company projects. For example, we need to know what the technology requirements, timelines, acceptable levels of scale and scope, and approximate project costs are as well as the requirements for receiving the money. Xcel Energy provides the following comments, organized by the specific categories in the Commission's Order:

A. Opportunities to Capture Benefits of IIJA Financing, Contracts, Grants, Loans, Private-Public Partnerships, and Cooperative Agreements

Xcel Energy views pursuit and successful receipt of IIJA program awards as an important strategic initiative to advance its system resiliency and emissions reduction objectives while managing customer costs and risks of new projects. However, we have

historically relied on the DOE and the national lab network for research and studies, not large project deployment. So far in early 2022 the DOE has been focused inward on how to support the new IIJA program budget. Similarly, the Company has primarily been focused inward on identifying potential projects that may be a good fit for some of these DOE programs.

Following its initial organizational work, we expect the DOE to follow its general process for supporting projects, which is to first issue a request for information (RFI) and then issue a funding opportunity announcement (FOA). The DOE has begun this process in some areas of the IIJA including transportation electrification and hydrogen hubs. Xcel Energy has provided three RFI responses to date, one for transportation electrification and two for hydrogen hubs. Generally, we shared how useful a utility's existing network of operating assets including power generation, transmission, and pipelines could be for getting a hydrogen hub started and that those should be valued by the DOE. We also shared some examples of electrolysis projects that could be pursued to advance the market for low-carbon hydrogen. With regards to transportation electrification, we stressed the importance of early engagement with the utility when siting and constructing electric vehicle fast-charging stations to ensure system reliability and cost management. It is expected that the DOE will continue to issue a number of RFIs in the coming months, and FOAs will be issued starting in late 2022.

Generally, our philosophy is to pursue DOE funding for projects that can accomplish one or more of four objectives: (1) accelerate a project that the Company is pursuing, (2) expand the scope of a project or program, (3) add new technology or a technology upgrade to a project, or (4) enable projects that the Company might not otherwise pursue due to cost, lesser-known technology, uncertain or lower benefit/cost ratio, or other reasons. Once we identify a list of projects based upon these criteria, we will assess our competitiveness in the respective state or Federal program to determine if we will participate. The DOE has also not provided any guidance yet on the financing options they will pursue for most of the programs under its domain or how they will use their various offices, like the Loan Program Office, for different programs.

B. Entities with Which Coordination May be Necessary to Access Available Funding, Financing, and Opportunities

The DOE has made it clear that partnership and coordination will be very important factors for utilities in the successful awarding of program funds. Those coordinated efforts will be with entities including technology vendors, host communities, state energy offices, state transportation and rail offices, regional transmission organizations—like MISO, FERC and multiple state regulatory commissions, workforce entities, and other public and private entities. The Company engages

regularly with these entities and plans to continue to do so to discuss and prioritize potential IIJA projects. A few specific entities that the Company engages with and that could be helpful in supporting IIJA applications are the University of North Dakota and the Great Plains Institute.

C. Current and Anticipated Coordination with State Agencies to Access Available Funding, Financing, and Opportunities

While some of the program funding will be managed by the DOE for nationally competitive solicitations, a significant amount of funds will be awarded to each state using a formula approach. This includes funds for resiliency, transportation electrification, and broadband. The state agencies that will receive the funds also vary and include energy offices, broadband offices, departments of transportation, and public utility commissions. In many instances, states will have to submit plans to the Federal government for approval prior to the release of funds to state level management. Each state will then need to determine how it will select and award projects and the funding mechanism(s) it will use. The Company is well suited to support project prioritization and development in all of these areas and looks forward to collaborating with relevant state agencies on its plans for the IIJA funds.

D. Actions Appropriate for North Dakota Gas and Electric Investor-Owned Public Utilities to Take to Access Available Funding, Financing, and Opportunities

As discussed, Xcel Energy has begun to take appropriate action to pursue IIJA funds even while specific program details have not been released. The Company is identifying projects that may be good candidates for an IIJA program and is also working directly with its member organizations to learn more about and influence the design and timelines of the new or expanded DOE programs. Further, the Company is evaluating proposals from outside consultants with experience and expertise in pursuing DOE funds.

E. Actions that may be Appropriate for this Commission to Consider Ensuring Receipt and Deployment of Funding or Financing for the Benefit of the State or Ratepayers

Program awards the Company could pursue may require matching funds and it is not expected that, for these types of infrastructure programs at the stage of demonstration and deployment, those matches can be in-kind through labor as they occasionally are for study projects. The Company may require approval from the Commission for rate recovery of the costs of unique applications, project structures, contracts, or other programs to satisfy the DOE funding mechanisms. The Commission could consider

confirming its authorities to receive Federal funds and approve receipt of Federal funds to utilities. The Commission could also consider its own outreach for program dollars that are not awarded directly to North Dakota, but for which North Dakota may be uniquely competitive, like carbon capture and sequestration, for which IIJA includes a specific program.

F. Other Information or Impacts that the Commission Should be Aware of Because of the IIJA.

At this time, the Company is not aware of any other information that it can share about the IIJA or the steps we are taking to tap into the DOE's funding opportunities.

Closing Comments

Xcel Energy appreciates the opportunity to provide information to the Commission on this multi-faceted law. The Company can provide additional information and updates at the Commission's request and would be happy to meet with the Commission and its staff to discuss this law and its project possibilities. For the benefit of North Dakota utility customers, an ongoing and open channel of communication between the Company and the Commission on this significant legislation will be beneficial.

Please contact me if you have any additional questions or comments about the information we have provided. Thank you.

SINCERELY,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive, flowing style.

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE

cc: Mr. Jack Schuh
Mr. Victor Schock