



414 Nicollet Mall  
Minneapolis, MN 55401

February 4, 2013

—Via Electronic Filing—

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: WIND RFP UPDATE  
2011-2025 RESOURCE PLAN  
DOCKET NO. E002/RP-10-825

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits this letter to the Minnesota Public Utilities Commission to inform the Commission and interested stakeholders of our intent to issue a Request for Proposals (RFP) for up to 200 MW of wind generation resources. With the extension of the federal renewable electricity production tax credit (PTC) effective January 2, 2013, we believe it is prudent to assess opportunities for additional wind resources on our system at this time to determine if there are cost-effective wind projects that could provide long-term value to our customers.

The January 2013 federal legislation replaced the PTC requirement that a wind project be placed in service by the end of 2012 with a requirement that a wind project begin construction activities by the end of 2013. With this extension in place, it is our intent to issue the wind RFP as soon as February 15, 2013 to ensure there is time for any new project that may be selected to begin construction in 2013.

Consistent with the process used for our last wind RFP issued on September 15, 2010, we are informing the Commission of our intent to issue the RFP. If we receive proposals that warrant proceeding with a project, we will bring these selections forward for Commission approval once the process has been

completed. We discuss further below the expected timeline for completion of this process.

During our current Resource Plan proceeding, we indicated that because we currently have enough renewable energy credits to meet RES compliance requirements through 2020, there was sufficient time to revisit adding wind to our system once the PTC issue was settled. The PTC has now been extended, but only for a short time. Requesting proposals for additional wind generation now will allow us the opportunity to consider cost-effective wind projects; at the same time, we continue to have the option to defer acquisition of wind and remain on track with renewable energy compliance. Thus, by issuing the RFP, we are not committing to add wind generation if our analysis shows no projects would provide reasonable benefits for our customers over the long term.

We note that this wind RFP will not impact the resource need or timing of the competitive acquisition process currently pending before the Commission in Docket No. E002/CN-12-1240. The resource need under consideration for that competitive acquisition process is in the range of up to 500 MW. With a wind accreditation factor of 13 percent, any capacity addition related to the 200 MW of wind resources we are seeking would not be significant enough to affect the identified need on our system. As such, the competitive capacity resource acquisition process will continue once the Commission makes its determination in February on the size, type, and timing of the resource addition, and we will begin that resource acquisition process in March 2013 as designed.

Assessing opportunities to add wind resources on our system now is consistent with the approach we have taken in the past, where we have added cost-effective wind where appropriate in advance of renewable energy compliance milestones. This strategy has served our customers well over time, allowing us to add cost-effective wind to our system when there is an opportunity to do so, avoiding the need to add significant renewable resources just in advance of when they would be required, which could conceivably be less advantageous for our customers.

The desired outcome of the wind RFP process is to add wind resources if they are shown to provide benefits to our customers over the long term. Our RFP will seek up to 200 MW of wind resources from existing or new projects. While the Company is interested in ownership opportunities to balance our portfolio, we will accept proposals for all types of structures, including utility ownership arrangements and power purchase agreements of all types, including C-BED structured proposals. Further, we will accept proposals of differing sizes at various

locations, which will allow us the flexibility to add up to 200 MW through any combination of a long-term PPA and/or Company ownership.

We believe the following timeline provides the opportunity for potential project developers to meet the PTC deadline to begin construction by December 31, 2013:

Issue Wind RFP	February 15, 2013
Proposals Due	April 1, 2013
Evaluations Conducted	April-May 2013
Contract Negotiations	June 2013
Decision Report/Selections filed with Commission	July 2013

Consistent with the regulatory process in Minnesota and North Dakota, we will make the appropriate filings with both the Minnesota Commission and the North Dakota Public Service Commission seeking the necessary regulatory approvals for any projects selected.

We look forward to working with project developers through the wind RFP process in 2013. We are available to answer any questions the Commission or stakeholders may have at this time.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists. Please contact me at [james.r.alders@xcelenergy.com](mailto:james.r.alders@xcelenergy.com) or (612) 330-6732 if you have any questions regarding this filing.

Sincerely,

/s/

JAMES R. ALDERS  
STRATEGY CONSULTANT  
REGULATORY AFFAIRS

c: Service Lists

## CERTIFICATE OF SERVICE

I, Ketti Lindberg, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota;

by email; or

by electronic filing.

**Docket Nos.: E002/RP-10-0825** Resource Plan Minnesota;

Dated this 4<sup>st</sup> day of February 2013.

/s/

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Ketti Rose Lindberg

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