



To: Christopher Clark, President, Northern States Power Company - Minnesota

**January 26, 2016**

Dear Mr. Clark,

Community Power, a tireless advocate for clean, affordable, and equitable energy systems, is excited about Xcel Energy's upcoming supplement to its Integrated Resource Plan illustrating alternatives to replacing Sherco coal-fired generation with natural gas. In particular, we anticipate an alternative that reflects the following Company commitments:

- To the city of Minneapolis Clean Energy Partnership, and the city's goal of an 80% reduction in greenhouse gas emissions by 2050.
- To the state of Minnesota, with an equivalent goal of an 80% reduction in greenhouse gas emissions by 2050.
- To its ratepayers, who will bear the cost of fuel price volatility associated with the chosen form of replacement power.
- To its shareholders, who will bear responsibility for the stranded asset costs of new fossil fuel power generation should forthcoming state or federal regulation render them uneconomic.
- To non-generation methods of meeting capacity and regulation needs, as has shown to be economic in other markets, as when ConEd bid out for 52 MW of demand management to avoid building a \$1.1 billion substation: <http://bit.ly/1ZSB9zA>
- To the Public Utilities Commission efforts to modernize the grid, including a priority on distributed and resilient resources rather than vulnerable, large-scale centralized power.

Community Power requests and encourages Xcel Energy to present a combined package of distributed generation, load management, grid modernization, demand response, and efficiency (a "21<sup>st</sup> century plan") as its preferred option for Sherco capacity replacement, retaining plans for replacement with (primarily renewable) central station power plants as an alternative. Community Power would also like to express its support for the Company receiving a comparable rate of return for capital expended on a 21<sup>st</sup> century plan as it would have in its original Sherco replacement plan.

We'd be delighted to meet with you to discuss this opportunity in more detail.

Sincerely,

John Farrell, President  
Community Power